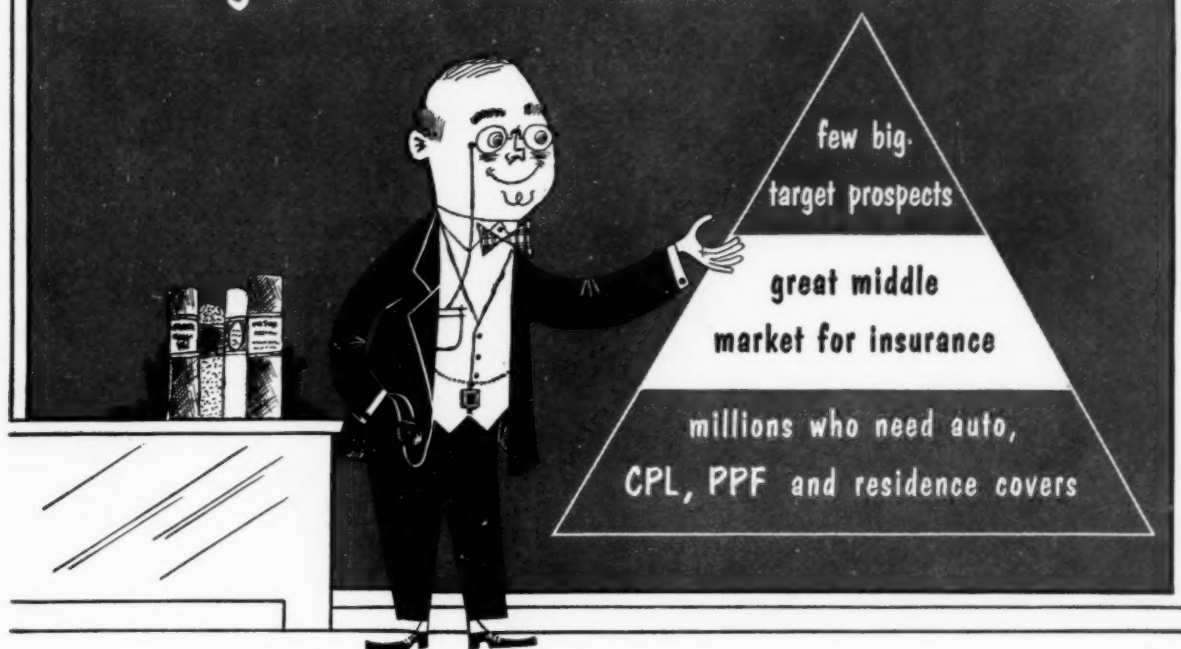


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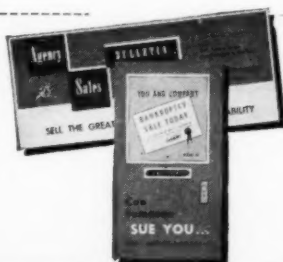
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## H. C. Conick Gives Up Top U. S. Posts of Royal-Liverpool

Clarke Smith Is  
Successor, Johnson and  
Seymour Are Elevated

H. C. Conick, U. S. executive head of the Royal-Liverpool group, has announced important changes in the group's executive staff, to become effective July 1.

Mr. Conick will relinquish the office of U. S. manager of Royal and Liverpool & London & Globe, but will retain his position as general attorney for these companies in the U. S. He will be succeeded as U. S. manager of these companies by Clarke Smith who has been deputy U. S. manager. Mr. Smith



H. C. Conick



Clarke Smith

with be succeeded by H. Clay Johnson, who will also retain his position as general counsel. A. C. Seymour has been appointed as an additional deputy U. S. manager.

In regard to the domestic companies, Mr. Conick will relinquish the office of president of Royal Indemnity, Globe Indemnity, Queen, Newark, Star, and American & Foreign, but will remain as a director of each. Mr. Conick will be



H. C. Johnson



A. C. Seymour

succeeded as president by Mr. Smith. Mr. Johnson will become executive vice-president of all the domestic companies and will retain his position as general counsel. Mr. Seymour will be appointed an additional executive vice-president of the domestic companies.

Mr. Conick also will relinquish his office of deputy U. S. manager of British & Foreign Marine and Thames & Mersey Marine, and will be succeeded in these positions by Mr. Smith. F. B. Zeller will continue as U. S. manager of these companies and Mr. Conick remains as general attorney in the U. S.

In commenting on the changes, Mr. Conick indicated that they are in conformity with the established practice of the group to delegate executive au-

## Nationwide Marine Definition May Be Reaffirmed

A program may be developed between now and December for reaffirmation of the nationwide marine definition, the N.A.I.C. committee on this subject was told at its meeting at Chicago Tuesday morning. The presentation was made by Joseph G. Bill, executive secretary of the joint committee on interpretation and complaint, and also J. Victor Herd, executive vice-president of America Fore.

Mr. Herd told the committee, which is headed by Leslie of Pennsylvania, that the status of the marine definition and of the joint committee is at a crossroads. Due to the turnover of commissioners, many states are unfamiliar with the history of this committee and the definition and also some of the signatory states are becoming restive because of the feeling that restrictions are in effect within their borders but do not apply elsewhere.

### May Return to Fold

If there is a reaffirmation and a new understanding of the aims of the committee and the definition, Mr. Herd said that some of the companies that were signatories to the agreement but that withdrew, would be willing to come back.

If the situation should be permitted to deteriorate or if the whole program should be abandoned there would be the utmost confusion state by state and there would be a great many practices in the realm of rate cutting and that are in the nature of escaping standardization. The most severe impact in such a real competitive market would be on the companies that are the less well equipped to take care of themselves in a struggle of that kind. The well heeled institutions could protect themselves.

Mr. Bill's report contained a history of the definition and the work of the committee on interpretation and complaint. He said that the members of National Board, National Bureau of Casualty Underwriters, Inland Marine Underwriters Assn. and American Institute of Marine Underwriters were polled recently on their reaction to the recommendation of a subcommittee of the committee on interpretation and complaint that steps should be taken to bring about a reaffirmation of the definition by the state and insurer.

The response was overwhelmingly in favor of seeking a reaffirmation. The subcommittee is now analyzing the letters that were received from the companies and it will then report on the feasibility and advisability of attempting to accomplish an amended marine definition more liberal in some respects. The joint committee, Mr. Bill said, hopes to be able to recommend a program and a procedure to the N. A. I. C. in December.

### Need as Great as Ever

Mr. Leslie indicated that he believes that the need for the definition is as great as it was originally. He spoke of the problems that are created by package policies and mentioned especially the equipment dealers floater. Some states, he said, have classified the latter policy as inland marine, some states call it miscellaneous and still other states bar its use.

Mr. Bill said that the problem of the equipment dealers floater is the kind of situation with which the classification committee is supposed to deal. That committee is something entirely aside from the committee on interpretation and complaint. It undertakes to classify

## Qualification Plan Is Given to N.A.I.C., Opposers Profuse

A lively session was held at Chicago Sunday morning by the N.A.I.C. subcommittee on uniform qualification and licensing laws. There was a battery of spokesmen on hand to pose the plan. Main spokesmen for the licensing program were C. F. J. Harrington of National Assn. of Casualty & Surety Agents and Walter Bennett of National Assn. of Insurance Agents. E. A. Meyers of Chicago law firm of Meyers & Matthias, general counsel for State Farm Mutual Auto, spoke against it. Logan Giffin of Springfield former Illinois state senator, opposed it in behalf of the building and loan interests. Robert Early, Farmers Auto of Los Angeles, insisted that if there is any such law a provision should be made for temporary licensing. Barclay Shaw, attorney for National Assn. of Insurance Brokers, spoke for the bill but urged exemption of ocean marine.

### Want Provisio for Direct Writers

Charles M. Howell of Kansas City, representing the reciprocals, said there was no provision in the proposed measure for direct writing companies and he insisted that this situation must be remedied. The spokesman for Factory Mutuals made the same point. There were a number of representatives of building and loan associations and mortgage men speaking in opposition including George H. Dovenmuehle of Chicago. Donald Knowlton, New Hampshire commissioner, presided.

## Standard Fire Policy Revision Is Broached

Hugh Mills of West Virginia proposed at the meeting of the N.A.I.C. fire and marine committee Tuesday that a subcommittee be named on revision of the standard fire policy laws. This may become a major project, due to the necessity of making the law compose the multiple peril underwriting practices. It is estimated that at least three years would be required.

### House OK's "National"

WASHINGTON—The House judiciary committee has ordered favorably reported the Senate bill to allow the use of the word "National" in the business or firm name of insurance companies.

### Sullivan's Hat Stays In

Commissioner Sullivan of Kansas, president of National Assn. of Insurance Commissioners, who is completing his sixth year as head of the Kansas department, has announced his candidacy for nomination on the Republican ticket subject to the August primaries.

policies that lie in a twilight zone, once they have been approved in a state.

Benjamin Franklin of Louisiana asked whether the equipment dealers floater would not fall definitely in the inland marine class if the coverage of the dealers stock for sale on his premises were limited to a 30 day period.

Mr. Bill said he did not agree that this would be the case. Even with the 30-day limitation he said he did not believe it would fall within the inland marine category.

## Commissioners Put in Exhausting Week at Chicago

N.A.I.C. Sessions  
Are Stretched Out and  
Many Questions Tackled

By LEVERING CARTWRIGHT

National Assn. of Insurance Commissioners is winding up a hard working, fatiguing week, at its annual convention at Chicago. Almost without intermission, from early Sunday morning, through Thursday, the commissioners and camp followers were herding themselves from one meeting room to another. Most of the time there were at least two committees in session at the same time and often three or more. Sunday was perhaps the most rugged day of all, as 11 committee sessions were run off at that time.

The final score of the convention can't be told this week because of a change in the practice, whereby action on all committee reports is being taken at an executive session for commissioners only on Thursday. The idea is that by that time in convention week all the rhubarbs will have been heard and just the head professors, in their cloisters, will give the verdicts.

It became known Wednesday that Superintendent Bohlinger of New York was not interested in the contest for chairman of the executive committee, and thus the race is between Butler of Texas and Maloney of California.

As a matter of fact there are not too many matters this week that are giving any element of suspense to the Thursday session. About the only one is the question of profit factor in casualty rate making. A battery of company chief executives made an appearance at a session Monday entering a plea for a 5% factor against the N.A.I.C. committee recommendation of 3½%. According to the grapevine the committee in executive session split 4 to 4 on this, which apparently means a defeat for the industry forces unless some last minute change is effected.

### Interest in Election

There is considerable interest in the election of new officers, especially in the choice of the chairman of the executive committee, who in normal course would be president in 1954. The gambling element is giving long odds on George Butler of Texas even though his election would give a monopoly to Dixie, with Martin of Louisiana president, Murphy of South Carolina vice-president and Bowles of Virginia secretary. Others in the running for executive chairman are Bohlinger of New York and Maloney of California.

The winter meeting is to be held Dec. 7-11 at the Commodore Hotel, New York. The June, 1953, meeting will be at San Francisco and the December, 1953, gathering probably in Florida.

### Arrangements Are Praised

Registrations totaled about 900. There was praise on all sides for the local arrangements. Entertainment was held to a minimum, but every convenience was

(CONTINUED ON PAGE 25)

## Dineen Calls Upon Companies, States to Unite on Taxes

**Tax Freedom of Federal Enterprises Should Not Exist**

The states and the insurance companies, which united impressively on regulatory front in a crisis, need to present the same sort of unanimity against steady federal tax encroachment, Robert E. Dineen, vice-president and secretary of Northwestern Mutual Life, declared at the luncheon during the National Assn. of Insurance Commissioners meeting at Chicago.



R. E. Dineen

The former New York superintendent and N.A.I.C. president addressing the central formal event of the week was in his usual fine humorous form in exchanging remarks with the presiding host commissioner, Day of Illinois, on the parallelism in their careers as cabinet ministers to presidential hopefuls. But Mr. Dineen was deadly serious as he unrolled his thesis that the federal government is destroying its potential tax sources by the unfair tax advantage government enterprises enjoy over private.



Wade Martin of Louisiana, new president of N.A.I.C. (left) at commissioners' rally at Chicago with Russell Hooker, Connecticut deputy, and Commissioner John Lange of Wisconsin.

He felt that the states and the insurance companies should fight the freedom from taxes of government insurance and other government enterprises. He took encouragement from the fact that the council of state governments had been successful in standing up to the federal government in Indiana in disclosing public relief rolls.

He said that insurance men must have the will to turn down tax concessions even when they result in a short-term gain for the business. He suggested that social security premiums are eligible for taxation and should be taxed as life insurance premiums are taxed. The cry of the federal bureaucrats has been that it would not be right to levy taxes on social security proceeds, but by the same token it is not right to tax the life insurance business, Mr. Dineen declared.

He drew further on the parallel of the necessity for united action along the lines achieved after the S.E.U.A. decision when he spoke of the untenable bickering over tax advantages and disadvantages between stock and mutual fire and casualty companies. Mr. Dineen hoped he would see the day when the fire and casualty insurers would sit together and air their tax differences and iron them out rather than to hurl charge and countercharge in the face of the public.

The business should never lose sight of the fact that policyholders and stockholders pay the taxes. So far many policyholders have not felt that they are in the fight, but they are.

Mr. Dineen cautioned that those seeking to develop equitable tax formulas should remember that the changes in times can affect mightily comparisons between different types of companies. This is why so much caution and understanding has to be applied to the problem. He indicated that any tax formula can produce strange results and cited the years 1947-48 when the tax legislation developed for life insurance companies actually resulted in no taxes being paid by those companies. This was a situation unforeseen by the architects of the legislation.

### New York Did Something

Mr. Dineen commented that any inequality in taxes will act eventually as an irritant unless removed. He said that differences in tax treatment can mean the difference between success and failure of enterprises. In support of his thesis that something can be done about taxes, he cited the 1949 New York legislative action under which premium taxes on workmen's compensation premiums in the state fund were established.

While there will be no major action this year, he commented that Congress is now debating the tax status of all types of insurance companies to set the tab for the next few years. His company and others are even now receiving complaints from policyholders about the huge amount of taxes shown on the annual statements. Organizations with tax advantages use these advantages as weapons against the private companies, he declared.

The meeting was concluded by President Roy Tuchbreiter of the Continental companies of Chicago, general chairman of N.A.I.C. arrangements, who introduced the Purdue Glee Club.

### Willett and Schindler Elected

K. B. Willett, vice-president of Hardware Mutuals of Stevens Point, has been elected vice-president of American Management Assn. in charge of the office management division. Paul H. Schindler, manager of the insurance department of Youngstown Sheet & Tube Co., was elected vice-president in charge of the insurance division.

## T. W. Anderson Is Elected by Virginia Agents

**Automobile Problems Take the Limelight at Roanoke**

New officers elected last week at the annual convention of Virginia Assn. of Insurance Agents at Roanoke are: President, Thom W. Anderson, Norfolk; vice-president and chairman of the board, William H. Branch, Richmond; secretary-treasurer, Jacob Haun, Woodstock; state and national director, Theo W. Kelley, Richmond. General counsel is T. Nelson Parker of Richmond. Two new board members were elected, Giles M. Robertson, Richmond, and Walter G. Stephenson, Roanoke.

Automobile insurance problems were in the limelight, the subject being taken up by nearly all of the speakers.

The meeting was opened Thursday with a meeting of the directors, and talks the first morning were given by Roy G. Bachman of General Adjustment Bureau, and Walter M. Sheldon of Chicago, vice-president of the National association.

### Gives Commission Views

While not completely disagreeing with the theory that commissions on automobile rates should be fixed and not fluctuate with loss ratios, Vice-president Walter M. Sheldon of National Assn. of Insurance Agents said that this could not be possible until the commissions on small premium business are brought in line so that the agents can break even on this class.

Mr. Sheldon told the agents that it is the increase in automobile premiums and additional premiums in other lines brought about by inflation that has kept the agents solvent.

"However," he said, "we would all be much better off, both company and agent alike and particularly in competition with direct writers, if we could say to the policyholders that all of the last increase in his premium goes to pay losses and taxes and not one cent to the company or the agent."

He referred to the recent policy on commissions adopted by the N.A.I.A. which provides for study of and consultation on commissions and declared that "the question of commissions is one that can easily determine the position of agents for years to come and it is hoped that our past and future deliberations on this subject will reflect credit on N.A.I.A. and the agency system."

N.A.I.A., Mr. Sheldon said, has already taken the position of being unalterably opposed to the adoption of any compulsory automobile legislation and instead has urged the enactment of security type safety responsibility laws, motor vehicle inspection laws, extension of the high school driver education program, as well as the furtherance of the adult driver education program, stricter enforcement of all motor vehicle laws and the support of highway improvement programs.

"If we, as agents," Mr. Sheldon warned, "do not interest ourselves in this program and seriously begin to attack same, I am afraid many of us will see our automobile volume slip away. To many agents this is important because our income from automobile business is the largest part of our entire premium volume."

Bruno C. Vitt, president of American, and C. M. Kellogg of A. M. Best Co.

(CONTINUED ON PAGE 25)

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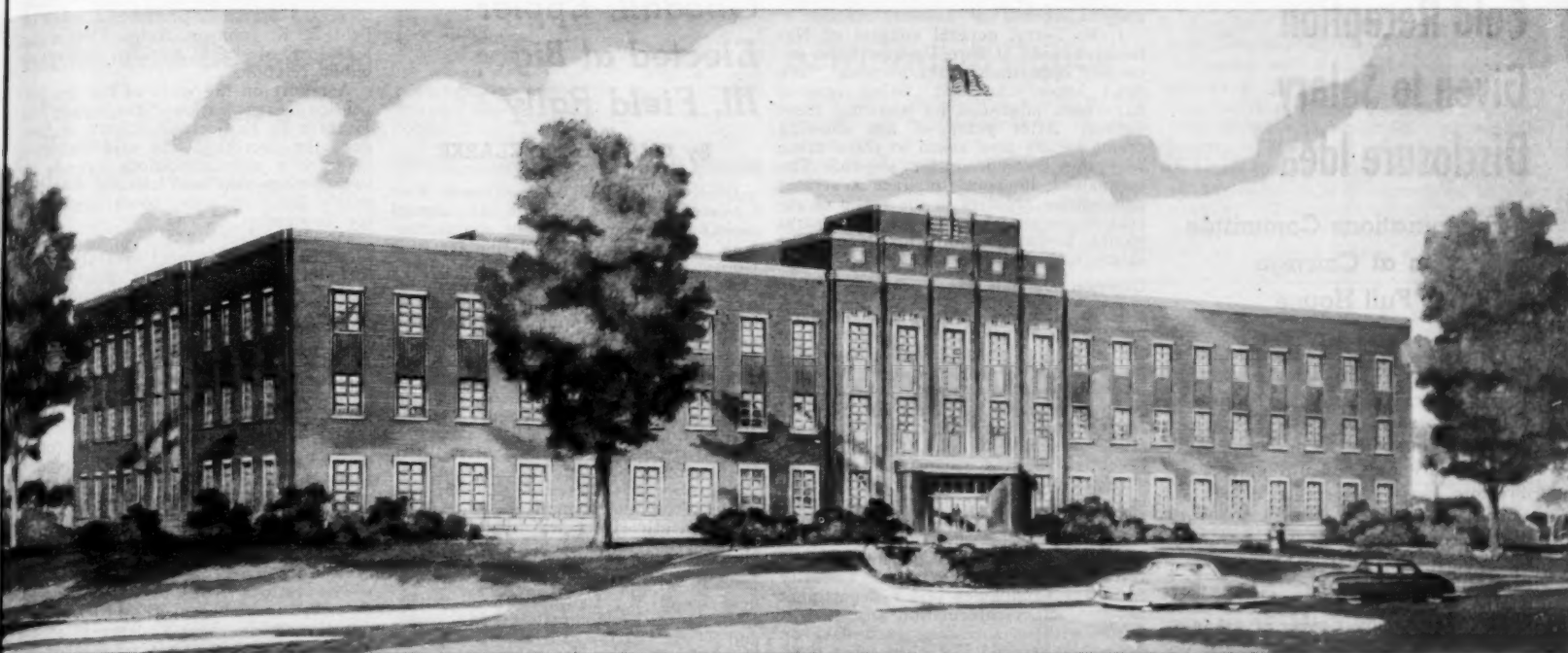
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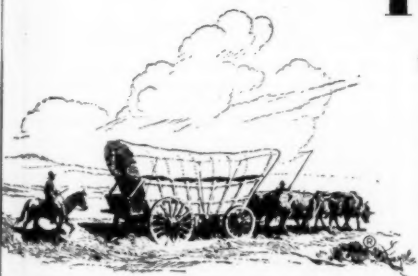
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## Cold Reception Given to Salary Disclosure Idea

**Examinations Committee Session at Chicago Draws Full House**

The N. A. I. C. examinations committee played to a full house at a late afternoon session Tuesday because of the interest that was taken in the item on the agenda for reconsideration of certain salary information of officers and directors in all reports of association examinations. This touched only the fire and casualty element because the life annual statement blank for years has called for executive salary data. Although the final vote was to be taken in executive session, Graves of Arkansas during the open session moved that the manual of examination procedure stand

unchanged and Allyn of Connecticut made a second.

J. R. Berry, general counsel of National Board of Fire Underwriters, expressed opposition to the proposal. "We don't know," he said, "what reasons have been advanced for showing these figures. After years of not showing them, we are now asked to show cause why they should not be shown." The companies, he went on, face a serious competitive problem in the realm of executive personnel, and such disclosures would accentuate the problem. The salary scale is not excessive.

### Glennon Defends Move

J. R. Glennon of the Illinois department said he feels this is information that the department should have and he is not aware that to furnish it would be trespassing on company management.

Ambrose Kelly, speaking for the Factory Mutuals, echoed Mr. Berry's opposition. Usually, he said, the matter of executive salaries is confidential within a company, let alone being confidential in respect of competitor companies. Problems of management and administration are caused when officers compare notes on what they are getting.

Ray Murphy of Assn. of Casualty & Surety Companies said a department can get salary information any time it wants without spreading such data on the public record. He asked what good

(CONTINUED ON PAGE 25)

## Goodall, Eppler Elected at Big Ill. Field Rally

By CHARLES C. CLARKE

GENOA CITY, WIS.—Illinois Fire Underwriters Assn. held its annual meeting here last week in conjunction with gatherings of the Illinois Blue Goose, Illinois Fire Prevention Assn., and Illinois Public Relations Committee. Attendance for the three-day meeting was about 130 and the three business sessions were supplemented by a full program of recreation.

Arthur Goodall, National Union, was elected president of I.F.U.A. succeeding X. R. Royster, Jr., Citizens. The new vice-president is David E. Larson, Home. He also is president of the Fire Prevention group and in addition this year takes over as chairman of the public relations committee.

Mrs. Ruth Hertz was reelected secretary-treasurer and new executive committee members are Edgar Taylor, Loyalty group; H. A. Gerke, Springfield F. & M.; Laurence F. Schriver, Phoenix of London, all for two years, and D. R. Patton, Loyalty group, for one year.

### Blue Goose Officers

The gathering got under way with the Blue Goose meeting at which Lloyd J. Eppler, Loyalty group, was elected most loyal gander replacing Elmer C. Donnelly, Northern of New York. Lester C. Petterson, Sun, was named supervisor; D. C. Girardot, Western Adjustment, guardian; Vincent Mooney, London Assurance, custodian; W. Hale Baldwin, New York Underwriters, keeper, and Charles C. Clarke, THE NATIONAL UNDERWRITER, wielder. Mr. Eppler and Kent Macy, New York Underwriters, were named delegates to the grand nest convention at Philadelphia, with John C. Burridge, THE NATIONAL UNDERWRITER, as alternate.

The nomination report was read by E. M. Eichenberger, Royal-Liverpool, a P. M. L. G., and the installation ceremonies were conducted by Mr. Donnelly. The past most loyal gander's pin was presented by D. J. Harrigan, St. Paul F. & M., also a P. M. L. G.

At the F.U.A. business session, Mr. Royster reported on what he described an active year, noting that membership now stands at 198 with 70 honorary members. He said there have been several changes in the business during the year, particularly mentioning the introduction of the annual extension and installment payment plans. He urged that more members take a part in carrying out the association program.

Several committee reports occupied the remainder of the business meeting. Guests at this session were A. G. Gabrielsen, assistant secretary of America Fore, and John G. McFarland, western manager of American, who also is president of Farm Underwriters Assn.

Mr. McFarland in a short talk described public relations work and the keeping of agents' balances in a healthy condition as being the prime purposes of the field club. While it does work through other committees, he said there is no more important avenues of activity than these.

### Illinois Lags Behind

The following morning Mr. Goodall presided at the public relations committee gathering. He stated that Illinois does not hold the public relations position that it should, pointing out that many other states have been more active on this front even though they do not have nearly as large a membership. Only through complete cooperation of all members can the public relations chairman organize a program that will bring about proper results, he said. The rewards, he went on, often are two fold. He cited examples of how through public relations work he not

only helped the industry but materially increased premium production from his field. R. K. Johnson, Aetna Fire, a past president of I.F.U.A., also talked on public relations.

A report on the work of the fire prevention organization was made by Herbert E. Endicott, Northern of London, the secretary. He said he hopes to have a more ambitious agenda for the coming year and already has definitely lined up some town inspections for September.

Douglas Best of the audit department of Illinois Inspection Bureau was introduced as a guest at this session.

Guest speaker at this session was W. C. Braun, chief special agent of the arson department of National Board of Fire Underwriters. He was introduced by Lloyd W. Brown, 2nd vice-president of Loyalty group. Mr. Braun outlined the arson activities of the National Board, highlighting his talk with several personal experiences, a couple of a harrowing nature. He explained that the board's arson investigative work is carried on irrespective of whether or not insurance is involved. Almost all of the investigators, he said, have a background of FBI or police experience, and many are attorneys.

The various types of arsonists were described by the speaker, and he pointed out that while these persons often are mentally ill, they aren't necessarily insane and consequently do not come under the protection of insanity laws. He said they realize they are doing wrong.

One of the biggest problems of the day in arson circles is the increase in fires in plants resulting from labor friction, Mr. Braun said. Another great danger today, he said, is sabotage. He listed fire as being one of the principal weapons of the saboteur.

W. C. Braun, chief special agent, and W. J. Spillard, special agent, of the arson department of the National Board at Chicago, are speakers at a law enforcement institute being held June 26 at the University of Notre Dame.



Mrs. J. Edward Day, whose husband is Illinois director, receiving a lei from Sakae Takahashi, Hawaiian commissioner, at N.A.I.C. Chicago meeting.

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E. Riley the western Fore, is retiring. He has been since Phoenix at general adjutant. Succeeding assistant go began in the farm nix in 1925. his present continuously army duty

## Cincinnati Men Rail

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## Cal. Auto Liability Rates Are Boosted

**Private Car Rates  
Up 30% for B.I.  
and 40% for P.D.L.**

New automobile liability insurance rates for California have been announced by National Bureau of Casualty Underwriters. The revision is part of a countrywide movement to bring rates for this coverage into line with current frequency and cost of claims incurred by insured motorists.

The rate increases are not uniform, but vary according to loss record of each territory. For private passenger cars there is a state-wide average increase of 30% for B.I. and 40% for P.D.L.; for commercial cars an increase of 30% for B.I. and 30.4% for P.D.L.

The increases apply only to rates for basic limits coverage of 5/10/5. Simultaneously, the percentage charges for higher B.I. limits are being reduced with the result that the cost of such additional protection will not be correspondingly increased by this change in basic limits rates.

William Leslie, general manager of the bureau, said the reasons for the increases are similar to those that have prevailed for the past several years, namely, mounting accident frequency and increasing claim costs.

## Wilson to Retire America Fore Post

E. Riley Wilson, general adjuster in the western department of America Fore, is retiring at the end of the month. He has been with the group continuously since 1907 starting with Fidelity-Phoenix at Chicago. He was named general adjuster in 1931.

Succeeding him is Axel H. Nelson, assistant general adjuster. Mr. Nelson began in the business as an office boy in the farm department of Fidelity-Phoenix in 1925. In 1934 he was appointed to his present position which he has held continuously except for three years of army duty in the last war.

## Cincinnati Agents, Field Men Rally Set for Sept. 8-9

CINCINNATI — The annual field men and agents rally in the Cincinnati area will be held here Sept. 8-9. There will be a meeting of Ohio Blue Goose at the Netherland Plaza hotel the afternoon and evening of Sept. 8. The next day Ohio Fire Prevention Assn. will meet in the morning and that afternoon there will be the annual joint golf party with Cincinnati Fire Underwriters Assn. at Summit Hills Country Club in Kentucky, followed by dinner and entertainment.

This will be the first such affair in which the new Miami Valley puddle will participate, though in the past unofficial committees of field men located in this area have assisted in arrangements. F. S. Bard, North America, big toad of the puddle, announced at the meeting this week that Kentucky Blue Goose members in the territory adjacent to Cincinnati are eligible to join the puddle.

## Agency Ad Verses Available

E. L. Cantrell, Rome, Ga., agent, has a collection of four-line ditties called "Cantrellograms" which he has used in his own advertising and which he sells to other agents. There are 52 jingles hitting all phases of the insurance business, including specific coverages, increased values, safety; services of the insurance agent, warnings against mail-order insurance, etc. They can be

used in regular newspaper displays with the agent's name and address, on blotters, radio programs, etc.

Mr. Cantrell sells unlimited right to use these jingles for \$52, and will sell this right to only one agent in each county. His address is 2 E. 2nd Ave., Rome, Ga.

## Wash. Commissioner Seeks Repeat

William A. Sullivan, Washington commissioner for 19 years, has announced he will run for reelection on the Democratic ticket.

## American Opening S. W. Unit at Dallas

American group will open a new southwestern department at 921 Corrigan Tower, Dallas, July 7, under the supervision of Manager J. Gilder Levey, who has been at Los Angeles as manager since 1947. Prior to service in Los Angeles, he had wide experience both as a special agent and as a local agent

in the southwest.

The new department has jurisdiction over activities in Texas, Louisiana and Arkansas, and is designed to improve service to producers in that area.

A number of key personnel for the new office has been selected from among persons in the home office underwriting and accounting departments who are already familiar with operations in the territory. The majority of the southwestern department employees, however, will be recruited locally.



## An imposing record

The Agents of these Companies share with us pride in the fact that five of the Companies under Crum & Forster management are now in their second century.

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| THE NORTH RIVER INSURANCE CO. . . . .     | Organized 1822 . . . . .    | 130 Years        |
| UNITED STATES FIRE INSURANCE CO. . . . .  | Organized 1824 . . . . .    | 128 Years        |
| THE BRITISH AMERICA ASSURANCE CO. . . . . | Incorporated 1833 . . . . . | 119 Years        |
| WESTCHESTER FIRE INSURANCE CO. . . . .    | Organized 1837 . . . . .    | 115 Years        |
| THE WESTERN ASSURANCE COMPANY . . . . .   | Incorporated 1851 . . . . . | 101 Years        |
|   |                             | <b>593 Years</b> |

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| THE NORTH RIVER INSURANCE CO. . . . .    | Organized 1822 | THE BRITISH AMERICA ASSURANCE CO., U. S. Branch . . . . . | Incorporated 1833 |
| WESTCHESTER FIRE INSURANCE CO. . . . .   | Organized 1837 | SOUTHERN FIRE INSURANCE CO., Durham, N. C. . . . .        | Incorporated 1923 |

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## N.A.I.C. BRASS MEETS

Omit Staff Men  
from Voting on  
Committee Reports

The executive committee of National Assn. of Insurance Commissioners at a session Sunday afternoon at Chicago, by a vote of 8 to 6, decided in favor of holding a session for commissioners only, excluding the departmental staff members, to take final action on approval or rejection of committee reports. This year such a session is being held on Thursday of this week.

Frank Sullivan of Kansas, the president of N.A.I.C., said he favored this change in procedure. For one thing, the final plenary session in the past has been confused. Copies of reports of committees are not available generally and many members often may have only a hazy notion of what they are voting on. Frequently it is six weeks or longer after the meeting before the commissioners get the committee reports.

Day of Illinois inquired whether the

idea is that ultimate action on committee reports will be taken when members of the departmental staff are not present? Mr. Sullivan replied that this was the intention. Mr. Day objected saying that he wanted members of his staff present. Mr. Sullivan also said that the press would be excluded from the executive session.

Bohlinger of New York said he approved of the idea but he did not understand that the departmental staff was to be excluded.

Martin of Louisiana said the idea would be to take care of all matters beforehand except saying yes or no on a report. He voiced the belief that there is an advantage in deferring the final vote to the next day. That gives the commissioners an opportunity to sleep on some of these matters.

Crichton of West Virginia said if he needs assistance in casting his vote, that should be up to him and he would vote against the proposed exclusiveness of such a meeting. Leslie of Pennsylvania said that there are advantages to the staff from hearing comments at the meeting and he objected to their exclusion. Maloney of California asked what objection there could be to having mem-

(CONTINUED ON PAGE 26)

Fireworks Fizzle  
at N.A.I.C. A. & H.  
Meeting

The report of the subcommittee on policy benefits in relation to premiums that was to have been the big event of the A. & H. committee meeting at the N.A.I.C. convention at Chicago turned out to be practically a dud, and the sweltering participants at this affair had to be content with lesser issues. The subcommittee, reporting that it could achieve no unanimity on the question of setting up a yardstick as to loss ratios on various types of A. & H. policies, asked that it be dismissed.

John W. Wickstrom of Michigan, read the subcommittee's report. He said the group had hoped to be able, basing its ideas on five pages of attached statistical material, to come up with a formula of some kind that the states could use as an indication of whether benefits were actually too low in relation to premiums. However, the members of the subcommittee could not come to any agreement, he explained.

Donald Knowlton of New Hampshire presided at the meeting, and he said the A. & H. committee would study the report in executive session and might perhaps organize another subcommittee to deal with the problem. Day of Illinois added that he could not see why, just because the subcommittee members could not achieve unanimity, the matter should be dropped. The industry representatives, not having had a chance to see the report beforehand, had no suggestions.

The report noted that where premium volume for a single combination of coverages issued under schedule form policies is less than 5% of premium volume for the schedule form policy, the subcommittee recommends that companies be permitted to merge the combinations of coverage in this category and show them as a single item.

The A. & H. subcommittee had met Sunday in executive session to prepare its report for the A. & H. committee. John Wickstrom of Michigan is chairman of this body, and W. Harold Bittel, New Jersey, is vice-chairman.

The N.A.I.C. program had indicated that the Sunday meeting was to be open, but this was an error, and about 15 company people were politely asked to leave, and had to cool their heels during the indecisive meeting that morning. The department men hinted that perhaps during the session here would be a call for company participation, so the industry representatives did not dare stray far.

## Blue Cross Report

Crichton of West Virginia read the report of the subcommittee on Blue Cross and Blue Shield, the heaviest emphasis here being on the question of Blue Cross reserves. The subcommittee recommended that the N.A.I.C. reports of 1944 and 1945, advocating a five months' utilization cost as a proper reserve, be reaffirmed. There is need also for more uniformity in state laws dealing with these organizations, he said.

After reading off the agenda item on the clause in A. & H. and Blue Cross contracts excluding coverage when in hospitals, Mr. Knowlton asked for comments, but no one seemed to have much to say, and finally C. O. Pauley, managing director of H. & A. Underwriters conference, remarked that the conference and Blue Cross commission had sent to the commissioners a letter on this subject. The Arizona medical society, he added, has come out against this sort of payment on the grounds that it put the government doctors and hospitals in competition with local facilities.

Mr. Crichton observed that he could not see what action the N.A.I.C. committee could take. He moved that the matter be stricken from the agenda since the committee would otherwise simply be helping continue an argument between two third parties. This was the

signal for five gentlemen in the first row to take a walk, and one was identified as F. J. Frankina, of the veterans administration staff who had forcefully argued this point at the December meeting of N.A.I.C.

There was a good amount of discussion between Maloney of California, Joseph F. Follmann, managing director of Bureau of A. & H. Underwriters, Mr. Pauley, and Mr. Knowlton on the problem of whether on the front of the A. & H. policies there should be anything said about the conditions of renewal. Under the new standard provisions law now adopted in about 18 states, the "brief description" and cancellable and renewable conditions are not longer required, although they are in the remaining states. The brief description, etc., is described in the Official Guide, and Mr. Maloney would like to see at least the notice as to renewal on the front of the policy. New York also is making demands on this.

Levita of the Maryland department brought up the question, more local with his state than not, of what is the situation when a company submits under the new standard provisions law a rider to attach to a policy approved under the old law.

## Asks "Closed Eye" Policy

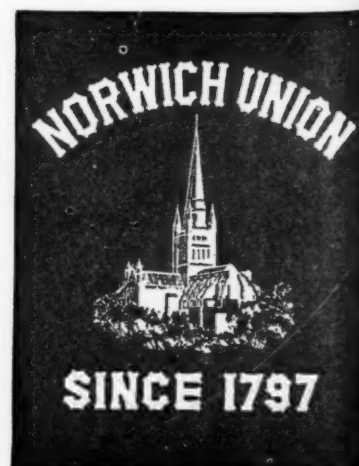
The Maryland department has this problem, Mr. Pauley declared, because it took the position of freezing benefits under the old policies. He said this had been gone over at the Swampscott meeting, and this problem had been warned against. The best answer, he suggested, would be for the Maryland commissioner to shut his eyes to the problem, in the interests of the policyholders.

## Philadelphia Mariners Elect

Mariners Club of Philadelphia at its annual meeting at Ardmore elected Burton P. Mansfield, Marine Office of America, skipper. Charles A. Bischoff, Pennsylvania Fire, is first mate; Horace D. Miekley, Camden Fire, purser yeoman, and George J. Nicholas, W. H. McGee Co., Jimmy legs.



Ray Murphy, counsel of Assn. of Casualty & Surety Companies, and Commissioner Taylor of Oregon at Chicago meeting of N.A.I.C.



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The proposal was offered N.A.I.C. positive laws, or insolvency, Monday general counsel Underwriter committee, headed by K industry concordance with said this m in any way an alien ins entering the pany, after takes to do apply just organized u states.

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## Against Dep

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## Uniform Deposit Law Goes to NAIC Unit, Industry Apathetic

The proposed uniform deposit law was offered without enthusiasm to the N.A.I.C. subcommittee on uniform deposit laws and regulations and security or insolvency funds at the Chicago meeting Monday by J. Raymond Barry, general counsel of National Board of Fire Underwriters, in behalf of an industry committee. The N.A.I.C. committee is headed by Kavanaugh of Colorado. The industry committee appointed in accordance with action taken by N.A.I.C., said this model law does not disturb in any way existing laws which require an alien insurer to trustee assets when entering the U. S. When an alien company, after entering the U. S., undertakes to do business, this law would apply just as it would to a company organized under the law of one of the states.

This law is intended to apply to insurers other than life. The life people say there is no serious problem for their branch of the business as a result of special deposit laws.

### Against Deposits Generally

Those branches of the business represented on this committee, to which this law would apply, are opposed in principle not only to special deposits but to deposits generally. The model law represents an effort on the part of the business to cooperate with commissioners, recognizing that special deposits present an immediate problem and that the elimination of general deposits may, as a practical matter, lie sometime in the future. It does not represent any lessening of opposition of such branches to deposits whether general or special. The model law would require the maintenance of a deposit of \$100,000 with the commissioner of some state. This would be held for the benefit and protection of all policyholders in the U.S.

Mr. Berry during the informal discussion period expressed the belief that it would be impracticable to try to repeal the general deposit laws at this time because the public thinks that these deposits provide something in the way of protection. They give the public a

false impression of the availability of funds. Actually the general deposit doesn't give anything of this nature but from a practical standpoint it is not wise to suggest repeal.

Cheek of North Carolina opined that the agents created the impression that these deposits have significance. They advise their prospects to patronize insurers that have a deposit in the state as against mail order insurers, for instance. Perhaps it would be well to get up a frank statement that could be given to the public on the nature of these deposit laws. It is not doing the public a service to lead them to think they have security in these deposits when as a matter of fact they do not.

Bisson of Rhode Island said that Preferred Accident constitutes a fine example of the advantages of a general deposit situation. This company, which is in receivership, had special deposits in 13 states amounting in all to \$780,000. This complicates the receivership and adds to the expense. If Bohlinger of New York had all of his deposits in one spot it would be far better.

Kavanaugh of Colorado presented a report on security or insolvency funds. He said the "pursuit of that elusive will-o-the-wisp we call security" may be as legitimate a human objective as what the founding fathers call the pursuit of happiness. "Certain it is," he went on to say, "in any case, that in these latter days security has become a popular political fetish here and everywhere and this natural but futile human yearning for freedom from want is reflected in many kinds of ambitious legislative panaceas including recently enacted security or insolvency fund laws in several states. The broad purpose of these funds is to provide means for the payment of claims in the event of the insolvency of an insurer. He mentioned that workmen's compensation security funds are in existence in New Jersey, New York, North Carolina, Pennsylvania and in Wisconsin.

New York is the only state which has established a security or insolvency fund for life insurance claims. New York has a motor vehicle liability security fund and in 1952 the New Jersey legislature set up such a fund and Mr. Kavanaugh mentioned that New Jersey also has taken steps to create an unsatisfied judgment fund.

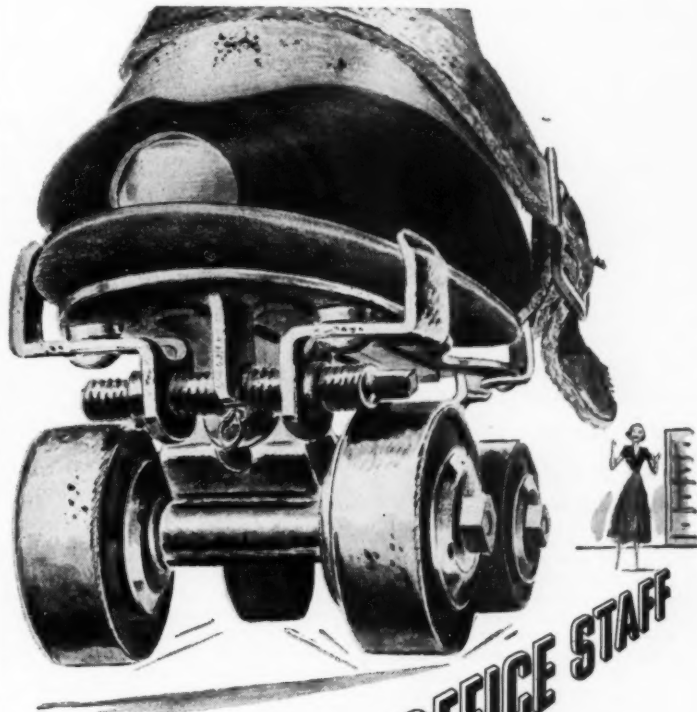
Ray Murphy of Assn. of Casualty & Surety Companies said his organization still stands against these security fund laws and will continue to fight against them on principle. He said that they that they encourage bad management and also laxity in state supervision, they constitute a step in the direction of socialism.

Henry Moser expressed the belief that this committee should not get into the realm of the unsatisfied judgment fund.

### Autonomy Rejected for Pacific Advisory Committee

William Leslie, general manager of National Bureau of Casualty Underwriters, has rejected the resolution adopted by the Far West Agents Conference at its annual meeting at San Francisco, pointing out that the request of the Conference for autonomy of the Pacific Coast advisory committee of the National Bureau "is based upon an erroneous impression."

Mr. Leslie, in a communication to the conference, said he thinks the resolution is based upon an erroneous impression of the influence which the advisory committee has on actions taken by national rating committees. It is quite true, he went on, that occasionally some matter may be urged by the advisory committee that is rejected by the home office rating committee to which it is presented, but almost universally those instances are limited to cases where the proposal is not based on any unique or different situation on the west coast and where the final decision comes down to a difference of opinion between the Pacific committee and the particular rating committee involved.



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Commissioners Bowles of Virginia and Southall of Kentucky as pictured by Harry Fuller of National Bureau at N.A.I.C. meeting at Chicago.

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## OTHER PROBLEMS TREATED

## Expense Ratios Big Topic at N.A.I.C. Fire Committee Meet

In the absence of Allen of Tennessee, Viehmann of Indiana, the vice-chairman, presided at the N.A.I.C. fire and marine committee meeting at Chicago Tuesday morning.

Joseph F. Collins of the New York department submitted the report of a subcommittee dealing with expense ratios for fire and allied lines and automobile physical damage.

Mr. Collins said that a provision for losses in the rates, sometimes referred to as the permissible loss ratio, is the remainder of the premium dollar after provision for expenses and a reasonable margin for underwriting profit. Provision for losses is usually compared with the loss experience adjusted to an incurred and earned basis at present rate levels.

For fire and allied lines all loss adjustment expenses are included in the expense portion of the premium dollar.

## Relations Are Explained

Expense provisions in the rates are general related to the average expense ratios of stock company members and subscribers of the rating organizations. In most of the casualty lines the provisions in the manual rates for commissions and other production expense have been keyed to various maximum acquisition cost allowances adopted generally by bureau member stock companies.

For most of the fire and allied lines specific allowances for commissions and other production costs have not been separately included in the expense provisions in the rate. Average commission scales which are generally observed by most fire companies in some

territories may be different from going scales in other territories. Different scales may apply to various classes of risks and also to so-called pool or association business. Other expenses have been generally related to the stock company averages on a country-wide basis.

The Collins report included tabulations of aggregate expense ratios that were furnished by the New York department. The ratios for commissions and taxes were computed as percentages of net premiums written. Other expenses were computed as percentage of net premiums earned.

Below is given a tabulation of the fire and E. C. ratios for 1950.

| Loss Adj. Exp. |       | Commissions              |       | Other Acquisition, Field Supervision |       |
|----------------|-------|--------------------------|-------|--------------------------------------|-------|
| Fire           | E. C. | Fire                     | E. C. | Fire                                 | E. C. |
| 2.8            | 12.3  | 24.5                     | 25.7  | 7.0                                  | 8.6   |
| General Exp.   |       | Taxes, Licenses and Fees |       | Total                                |       |
| Fire           | E. C. | Fire                     | E. C. | Fire                                 | E. C. |
| 8.7            | 9.8   | 3.6                      | 3.3   | 56.6                                 | 59.7  |

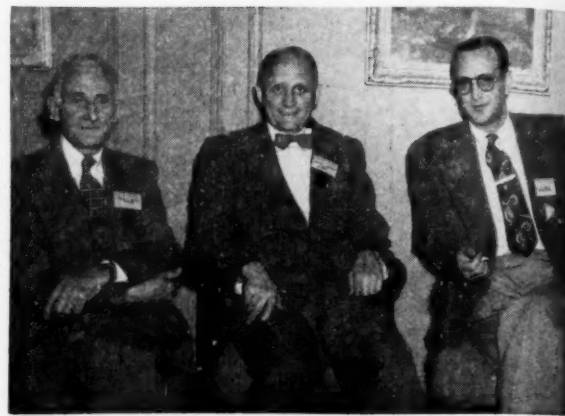
The 12.3% loss adjustment expense was due undoubtedly to the windstorm loss in the east. In 1949 the loss adjustment expenses have to be averaged over a long period of years.

Below is the showing for auto physical damage and inland marine.

| Loss Adj. Exp. |       | Commissions              |       | Other Acquisition, Field Supervision |       |
|----------------|-------|--------------------------|-------|--------------------------------------|-------|
| Auto           | I. M. | Auto                     | I. M. | Auto                                 | I. M. |
| 6.0            | 6.6   | 25.5                     | 21.2  | 6.2                                  | 8.6   |
| General Exp.   |       | Taxes, Licenses and Fees |       | Total                                |       |
| Auto           | I. M. | Auto                     | I. M. | Auto                                 | I. M. |
| 5.1            | 6.7   | 2.9                      | 3.3   | 45.7                                 | 45.4  |

For future consideration the Collin's

At N.A.I.C. Chicago meeting: E. A. Meyers and Russell Matthias of the Chicago law firm of Meyers & Matthias, with David Tapley of State Farm Mutual of Bloomington, Ill.



committee states that the aggregate expense ratios tabulated from insurance expense exhibits of stock companies on a country-wide basis are subject to further analysis as to any material differences which may exist between various states or which may exist within lines of insurance.

## Cites Tax Variances

The committee suggested that individual states give consideration to tax differences in the expense provision. Apparently the committee stated, the average expenses reported for commission, other acquisition and field supervision represent broad aggregates of expenses which vary according to different methods of operations of various companies and according to different classes of agents and brokers. Also commission allowances may include expenses attributable to other expense functions. Individual states that decide to establish separate expense provisions for commissions may find it necessary to examine commission contracts of representative groups of companies. Fire insurance rating organizations have not customarily broken down total expenses into the several categories for rate making purposes.

J. E. Kennedy of the Wisconsin department submitted a report advocating bringing under regulation additional forms of inland marine insurance that stirred up the animals. The particular recommendation that drew fire from the company side was that bailee's customers' insurance should be subjected to filing requirements. The Kennedy proposals originated at the zone 4 meeting last October.

The Kennedy report also advocated taking under rate regulation accounts receivable insurance, valuable papers cover and cold storage locker insurance.

## Ball Already Rolling

Harold Wayne of I.M.I.B. arose to say that the Kennedy report "is quite a mouthful." He observed that accounts receivable insurance and valuable papers insurance are in process of being placed under control. I.M.I.B. recently assumed jurisdiction over these, he said, and is proceeding to file forms, rates, and rules.

As to the cold storage locker line, he said that this is still in an experimental stage and if this is the kind of a line that eventually should be rated this is nevertheless not the time to subject it to control. He said that the total premiums from this line in 1950 were about \$600,000 and the company writing the largest volume had premiums of only \$85,000.

The real fireworks, however, is the proposal that the bailee customer line should be subjected to control. Such an idea has been explored for many years, Mr. Wayne declared, but it has become established that this would be contrary to the best interests of the insured. There are no two risks that are alike. The line is subject to free, wide open competition and that is the best regulator of rates that there is. He pointed out that the rating laws provide for exempting from control such inland ma-

(CONTINUED ON PAGE 26)

## Maryland Agents Hold Big Rally

Maryland Assn. of Insurance Agents held a well attended meeting at Ocean City last week.

Since they are a direct line of contact between the insurance business and the insuring public, agents are in a particularly strategic position to assist in educating the public effectively about automobile liability insurance rates and the reasons for rate revisions. Thomas O. Carlson, actuary of the National Bureau of Casualty Underwriters, stated. He said the automobile situation is not one that can be cured by continued rate increases alone, adding that the long run cure lies in education.

This year, more than ever before, it is essential that the agents take the time to familiarize themselves with the reasons underlying rate changes that will be developed, according to Mr. Carlson. It is also essential, he said, that they actively and aggressively undertake to inform their policyholders of these reasons.

"In our revisions this year," he stated, "we shall adjust the rate relationships from territory to territory within a state as well as adjust the statewide rate levels. The revisions will be based in detailed experience by classification and territory developed by trend factors to the rate levels that may be anticipated as necessary for the middle of 1953, which is the average date of accident occurrence under the policies for which we are now making rates. It may be noted that the average claim settlement date on those policies will be well along in 1954."

F. John Barclay, vice-president of Maryland Casualty and chairman of Maryland Rating Bureau, in his talk discussed the changes in rules and procedures adopted by the bureau during the past year. He emphasized that all of these were decided upon after discussion with agency representatives. He said that there has been broad cooperation between the committee of agents and Eastern Underwriters Assn.

## Atlanta Insurers Form Assn.

The Georgia Companies Assn., comprised of four domestic fire and multiple line insurers, has been formed at Atlanta as a trade organization.

Rutherford L. Ellis, president of the Southern General and vice-president of Progressive Fire, is manager. Mr. Ellis also heads the local agency of Lipscomb-Ellis Co., and is a past president of Georgia Assn. of Insurance Agents.

The other two company members are Southern F. & M. and Standard National Insurance which is controlled by Hurt & Quin, general agents.

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## N.A.I.C. Securities Valuation Report Contains Changes

The report adopted Wednesday by the National Assn. of Insurance Commissioners committee on valuation of securities and by the N.A.I.C. included some changes from the report of a year ago, most of them having been decided on at the N.A.I.C. meeting last December.

The formula applicable to privately purchased preferred stock without arrears of dividends is modified to provide that where the issuer has outstanding preferred shares having substantially the same protective provisions as the privately purchased issue on which there are available public sales or bid and ask quotation prices, the privately purchased preferred stock shall be valued at a figure on which the dividend paid produces the same yield as that of the publicly traded issue.

In the rules governing the amortization and municipalities and all corporate bonds measured by their standings in the rating services, the June 1 date is changed to Dec. 31. The change is of no practical significance, as any changes in the ratings between June 1 and the end of the year were taken into account anyway in determining amortizability. Also in connection with amortization of bonds, 1.50% is designated as the increment to the Dec. 31, 1952 yield on U. S. government Treasury obligations in the composition of the committee's yield test. This is the same figure that was specified a year ago.

In the listings of United States savings bonds, provision is made for the new series J and K bonds.

### Oil and Gas Criteria

The report continues the same criteria for determining the allowable values of oil and gas production loans made prior to January 1, 1952 and adds the more restrictive resolution adopted by the N.A.I.C. last December relative to oil and gas production loans made after Jan. 1, 1952.

The new report also sets forth the basis for the mandatory security valuation reserve to be carried by life companies and fraternal benefit societies on their bond and stock holdings. This was adopted last December by the N. A.I.C. and is designed to accumulate a reserve of 1% of the total statement value of all amortizable bonds which fully meet the eligibility test and to accumulate a reserve of 20% of the total statement value of all other bonds and preferred and common stocks held by such companies.

### Program Is Readied for Independent Adjusters Rally

The final touches have been put on the program for the annual convention of National Assn. of Independent Insurance Adjusters, to be held July 3-5 at White Sulphur Springs.

There will be executive committee sessions on both July 1 and July 2. The first day of the meeting will be devoted to business, with the afternoon free for recreation.

Speakers on Friday are Robert A. Crichton, who recently resigned as West Virginia commissioner; John D. C. Roane, Baltimore, association president; G. S. Peick, assistant secretary of Hardware Mutual of Minnesota; C. E. Curtis, vice-president and general counsel of Ohio Farmers, and Samuel Hautman, Jr., Public Service Drive Yourself System.

Speakers Saturday and their subjects are W. Edgar Porter, Salisbury, Md., attorney, "Need for New Insurance Contracts"; George Vail, Jr., vice-president of Corroon & Reynolds, "Ethics in the Field of Adjustment"; D. T. Hawkins, assistant manager of Mutual Loss Research Bureau, "Present Day Ad-

juster," and M. E. Foltz, vice-president of Ohio Farm Bureau Mutual, "The Challenge." The banquet speaker that evening will be Henry W. Nichols, vice-president and counsel of National Surety.

A full program of recreation, including golfing and dancing, has been arbitrated by special revenue bonds of states ranged. There also is a complete agenda planned for the ladies.

### E. W. Fowler Heads New National Board Divisions

The National Board has appointed Everett W. Fowler as director of its newly-created division of codes and standards.

The new division will co-relate the work being done on the board's national building code, suggested fire prevention ordinance, standards for the installation of automatic sprinkler systems, as well as its many other published standards.

Mr. Fowler joined the board as a field engineer after graduation from Worcester Polytechnic Institute in 1928. A year later he was assigned to engineering activities at board headquarters, and in 1947 was promoted to assistant chief engineer.

Donald Knowlton, New Hampshire; Joseph Navarre, Michigan, and Frank Viehmann, Indiana, commissioners at N.A.I.C. meeting at Chicago.



### Cover on S.S. United States Biggest Ever Torrey Says

Owen C. Torrey, president of Marine Office of America, president of American Institute of Marine Underwriters, presented a large, engraved silver bowl to John M. Franklin, president of U. S. lines, at a luncheon aboard the new S. S. United States as a symbol of faith in the men who go down to the sea in ships.

Mr. Torrey said insurance placed on the new superliner is the largest amount ever written anywhere on a single vessel. The amount written in the American marine market is the largest ever placed in this country on an individual hull.

Mrs. May Hurst and Gerald Stafford have combined their agencies at Independence, Kan. The Hurst agency was established in 1928 and the Stafford agency in 1950.

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## Martin, Buesching Schaefer Raised by National Fire

National of Hartford group has made three changes in the western department office and field personnel.

William F. Martin, farm and hail superintendent, has been appointed superintendent of the fire underwriting department, W. H. Buesching, state agent in southern Illinois has been promoted to farm and hail superintendent, and Carl G. Schaefer, formerly special agent in Wisconsin, has been promoted to state agent and transferred to Springfield, Ill., to succeed Mr. Buesching.

Mr. Martin went with the company in 1917 as assistant fire examiner and in 1920 was transferred to the farm department as examiner and first assistant. In 1936 he was made examiner of the Indiana, Iowa, and Minnesota underwriting department, and was promoted to superintendent of the farm and hail department in 1951.

Mr. Buesching joined National in 1933 as an underwriter in the farm department. On returning from coast guard service in 1945 he was appointed special agent in northern Illinois, handling principally farm business. In 1948 he was transferred to southern Illinois and was promoted to state agent in 1949.

Mr. Schaefer started with the company in 1925 and worked in the various underwriting departments of the western department before being appointed special agent for Wisconsin in 1939. At Springfield, Mr. Schaefer will be associated with Special Agents Dace, Frische, Hedlund, and Fosse.

## Promote C. F. Sjoquist

Home has promoted Carl F. Sjoquist from marine special agent to marine supervisor at Boston. He joined the Boston marine department of home in 1940 after service with Employers Fire in Boston and Philadelphia.

M. L. Martin, local agent at Memphis, has resigned as a member of both the city and county planning boards after serving for 20 years.

## Show 10% Cost Saving for Multiple Location Risks

A study showing that there is a saving in cost of about 10% in the handling of multiple location risks as compared with fire insurance business generally was submitted to the N.A.I.C. rates and rating organization committee at Chicago. W. E. Lister of Home is chairman of the industry committee that made the study.

James Higgins of the New York department notified the N.A.I.C. group that this had been received, but he said there had been no study made of it by the state technicians.

T. D. McCarl, manager of M.L.S.O., said this study was made in response to the commissioner's instruction of 1949 to obtain data to support the difference in rating factor. The study, Mr. McCarl declared, supports the rating factor that was contained in the original plan.

### Companies Studied

The companies covered in the study were America Fore, Travelers Fire, Pearl, Aetna Fire, Home, Royal-Liverpool, General Cover Underwriters Assn. and member companies, and North America. Some of these are members of multiple location service office and others are members of the so-called independent plan.

There was one study of all participants combined showing a 40.21% ratio of operating expenses to direct premiums written on total fire and allied lines and 29.84% on multiple location risks. The big difference is in the commission and brokerage column. Direct commission and brokerage on all fire and allied lines for such companies was 22.98% while it was 14.84% on multiple location risks. The contingent commissions on the total business was .52% and .15% on multiple location.

There was a notable difference in the salary column also, it being 6.9% for total business and 5.78% for multiple location. Travel and travel items were .93% on all business and .46% on multiple location. For surveys and underwriting reports it was .27% for all business and .22% for multiple location.

The ratios were not significantly different when the business was segregated for multiple location service office members and for independent plan members. For the M.L.S.O. group the total underwriting expenses on all business was 40.44% and on multiple location it was 30.63%. For the independent plan members the comparable figures were 39.44 and 28.41.

The study covers \$14,682,603 in 1951 direct premiums written in the multiple location risk field, with estimated tariff premiums thereon of \$17,332,115 and related expenses of \$4,381,470.

On the question of package policies where coverages are under the jurisdiction of several bureaus Cheek of North Carolina submitted a suggested uniform procedure. This had been previously publicized. He said that it would be better to try to get experience by testing rules before asking for legislation.

John Phillips of North America declared there is a jurisdictional defect in Mr. Cheek's position. The North Carolina law is unique, he said, and it would be unfortunate and misleading if a national policy were advocated out of this. The problem that Mr. Cheek is confronted with does not exist in the states that have all-industry legislation. The drafters of that program were far seeing in this respect, he said. There is a conflict in the North Carolina law.

### No Term Discount Proposals

Up until fairly recently it appeared that the fire insurance people might be coming up at this time with important recommendations on term discounts, but when this subject came up on the agenda of the rates and rating organizations committee there were no proposals offered.

J. R. Barry, president of Corroon & Reynolds, took the floor to vent his displeasure at the turn that has been taken in the realm of the installment payment plan. He said there are some amazing contradictions. For instance, there are insurance companies that make deals with banks to finance premiums and the charge that is collected is called interest. Other insurance companies add 3% to the premium for such financing and they don't call it interest. All of this, he said, spoils the credibility of experience. There are important income tax problems and the tax situation between companies is distorted. Maybe the solution lies in making rates for three years and writing business for three years and getting rid of the "hypocrisy," he said. If the insurance commissioners don't look out, he said they may find that elements of the insurance business will come under the regulation of banking departments.

### Deadline Near for Filing Bowen Award Entries

Carleton I. Fisher, chairman of the Bowen public relations award committee of National Assn. of Insurance Agents, has sent out a reminder to state association officers that the deadline for entries in the award is Aug. 15. This is the first year for the award, established in honor of Harold R. Bowen of Norwalk, Ohio. It is given to the state association contributing the most to improving the public understanding of the agency system and the insurance business generally. Entries, which need not be elaborate, are to be submitted to the committee at N.A.I.A. headquarters, 96 Fulton street, New York City.

Boyd D. Jones, Ulysses, Kan., local agent, has been elected president of the Rotary Club there.

Doris E. Soden, Goodland Kan., local agent has been renamed to the Kansas Savings & Loan Board by Gov. Arn.

## R. K. Hill Resigns as Secretary of Springfield F. & M.

R. K. Hill, secretary of Springfield F. & M. in the western department at Chicago, is resigning. He started with that company in 1918 and from 1928 to 30 was in the Wisconsin field. He then returned to the western department in the improved risk and brokerage division. He became assistant secretary in 1944 and secretary in 1946.

He studied at Chicago Kent College of Law on the side and was admitted to the Illinois Bar in 1925. He also attended night school at University of Chicago and was graduated in 1933. He is a former chairman of Western Conference of Special Risk Underwriters. He has not announced is future plans.

### New England, Calif. Taking Action on Extension Plan

New England Fire Rating Assn. shortly will make mandatory the option allowing renewal of policies eligible for term insurance on the annual extension endorsement.

Under the annual renewal plan, adopted in New England along with the installment premium plan, the insured may renew a one-year policy four times at 78% of the then prevailing one-year rate, provided the agent has attached the option endorsement to the original policy.

### Preparing Manual Change

The rating bureau is preparing a manual change which will provide that the option must be included in all eligible one-year policies. The change will probably be made effective in Rhode Island first, to be followed by the other New England states, except New Hampshire.

Commissioner Maloney of California has issued a bulletin informing companies that failure to attach the annual renewal endorsement will constitute unfair discrimination.

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## Chicago Feature N.A.I.

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## Chicago Mayor Featured at N.A.I.C. Opening

At the first plenary session of N.A.I.C. at Chicago Monday, Day of Illinois extended greetings and introduced Mayor Kennedy of Chicago. Response was given by Wade Martin of Louisiana. New commissioners were introduced including Davis of Mississippi, Mitchell of South Dakota, Takahashi of Hawaii, Smith of Texas, and Bushnell of Arizona.

Frank Sullivan of Kansas gave his presidential message and compared the situation today with the meeting at Chicago eight years previously, which was just a few days after the U. S. Supreme Court had handed down its decision in the S.E.U.A. case. That was a day of great confusion and to many the cause of state supervision seemed lost. "However," he said, "through able leadership as expressed by the membership of the association and industry alike, great strides have been made in the cause of state supervision."

### Must Not Relax

Although there has been a strengthening of local supervision, the states cannot relax their efforts in the battle between state supervision and centralization of power at Washington. Despite the fact that N.A.I.C. is only a voluntary organization and cannot bind any individual state, it has demonstrated its efficiency and effectiveness in meeting every situation by prompt and constructive action. For instance, he said, the collapse of the securities market in the early 30's was met by constructive action, by the committee on valuation of securities. The S.E.U.A. decision was faced promptly and decisively by the fostering of the McCarran act and the enactment of implementing legislation. N.A.I.C. has done a splendid job in making the necessary adjustments on the regulatory side to the S.E.U.A. decision.

There are 32 committees actively engaged in working on problems now before the association, he said. He expressed the hope that favorable action will be taken to increase the facilities of the central office so that more research can be conducted and the results furnished to the commissioners.

## Familiarity With Lloyds Market May Breed "Noes"

Some of the London Lloyds representatives in this country who have been beating a path back and forth to London during the past few years say they are beginning to wonder whether there is not a point of diminishing returns in the business of fraternizing with the London underwriters and brokers. They are not altogether serious, but they do make the point that in becoming so very chummy with their London connections, the latter seem to be less hesitant to say "no" for fear of giving offense, than they were when the relationships were more formal and reserved. Such considerations are not likely to deter any American representative from actually going across to visit his connections, but even though getting on a first name basis with their English cousins may have some drawbacks as well as advantages from a cold business standpoint.

## Name U. of Conn. Institute Faculty

Students from 12 states and Canada will attend the annual advanced agency management institute the week of Aug. 18 at the University of Connecticut.

The faculty has been announced by Ernest F. Young, chairman of the educational committee of National Assn. of Insurance Agents. Headed by Dean Laurence J. Ackerman, school of business administration of University of Connecticut, the teaching staff will in-

clude Clarence R. Rauter, director of education, N.A.I.A.; Richard J. Layton of Rough Notes Co.; Rhoar Flydal, South New England Telephone Co.; Frederick J. Flynn, New York broker; Byron H. Clark, Peck Advertising; Professor Frank Beach, University of Illinois; Roy A. Duffus, agent of Rochester, N. Y.; Frederick M. Senf, Fafnir-Bearing Co.; and Professor E. W. Muehl of Yale University.

The tuition fee of \$75 includes room and board for the week. With attendance limited to 50, registrations usually close well in advance of the opening of the school. Those desiring to attend should enroll promptly.

## K. J. Brown, A. E. Weber Are Advanced by A.I.U.

American International Underwriters has appointed Kenneth J. Brown vice-president and has elected Alfred E. Weber, treasurer, a director.

Mr. Weber has been with A.I.U. since 1931, serving in various financial capacities. He was chief accountant from 1937 until he went to Cuba in 1941 to help organize an affiliated company there. He returned to New York in 1950 as treasurer.

Mr. Brown has been in insurance since 1924. Headquartered in Japan, he spent 12 years traveling throughout the Far East, supervising insurance operations in that area. He has been identified with the fire underwriting activities of A.I.U. since his return to the U. S.

## Revise Two Ohio Forms

Ohio Inspection Bureau has revised the extended coverage endorsement form No. 61 and the vandalism and malicious mischief endorsement form No. 205. The changes are largely a matter of clarification.

The Lew F. Meyers agency at Dodge City, Kan., has been purchased by Ted Kerkhoff.

## Tenn. Groups Favor Glover and Crocker

Tennessee Fire Underwriters Assn. and Tennessee Blue Goose held their annual meetings, and Tennessee Fire Prevention Assn. its semi-annual meeting, at Lookout Mountain with more than 100 field men attending.

The fire underwriters group elected Glenn Glover, Home, president; G. Wesley Mantz, New Hampshire Fire, vice-president; Henry Roberts, Boston, secretary, and W. E. Kehnle, New York Underwriters; Russell White, Sun, and George L. Frank, Aetna Fire, executive committeemen.

Macon R. Crocker, American, moved up to most loyal gander of the Blue Goose. Mayhew P. Jones, Springfield F. & M., is supervisor; Charles E. Griffith, Travelers, custodian; John Eubanks, America Fore, keeper, and Marshall T. Polk, Jr., Home, welder.

John P. Young Jr., vice-president of American, had been scheduled to address the meeting but on the advice of his doctor was unable to attend. His talk was read by B. B. Coats, Hartford Fire. The other guest speaker, William H. Thompson, General Adjustment Bureau manager at Nashville, outlined the qualifications of an adjuster.

Charles L. Beale, Yourkshire, Dallas, M.L.G.G., was a guest and delivered the charge and conducted an informal initiation at the Blue Goose session.

Tennessee Fire Prevention Assn. held a brief business session, presided over by Mr. Polk, the president.

## Mont. Commissioner Race

John J. Holmes is unopposed for the office of state auditor in the Democratic primary in Montana July 15. He is ex-officio insurance commissioner and there is scarcely anybody now living that remembers anybody else ever having held that office in the state. He has been there since 1932. There are four

candidates for the state auditor position in the Republican primary, they being Bruce O. Mefford of Missoula; Alex Cunningham of Helena; Harry C. Upshur of Butte, and Chris A. Haeckel of Bozeman.

Alex Cunningham is a local insurance agent at Helena. His father the late Harry C. Cunningham, was at one time Montana state auditor and later was president of Montana Life. None of the other Republican candidates has any insurance connection.

## Emmett V. Thompson Heads Missouri Mutual Agents

Emmett V. Thompson, St. Louis, was elected president of Missouri Assn. of Mutual Insurance Agents at the annual meeting at Jefferson City. Six vice-presidents were also elected, they being J. S. MacLellan of Clayton; John Widmer of Salisbury; Herman Lufcy of Cape Girardeau; R. S. Trumbull of Butler; Mrs. Ben Lammers of Springfield; B. L. Thompson of Kansas City.

Miss Lydia Rhodes of St. Louis was elected secretary.

W. H. Toberman, Missouri secretary of state, was toastmaster at the banquet and introduced Lt. Gov. J. T. Blair, State Treasurer M. E. Morris, State Auditor W. H. Holmes and Insurance Commissioner Leggett.

Talks were made by E. F. High, Columbus, O., president National Assn. of Mutual Insurance Agents; A. P. Jones, Mill Owners Mutual, Des Moines, A. E. Cunliff, St. Louis attorney and Hugh Murray, Raleigh, N. C., past president of N.A.M.I.A.

Speakers at a breakfast session were M. O. McDonald, district manager of General Mills and J. L. Eberly, Lumbermens Mutual, Mansfield, O.

The Carpenter agency at Coffeyville, Kan., is celebrating its 50th anniversary.

C. V. King, local agent at Caldwell, Kan., has been elected mayor.



*The Insurance Agent*

1952

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## Ohio Farmers Companies

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## Remaining Fire Patrols Face Eventual Closing

The old joke to the effect that the fire didn't do much damage but the fire fighters ripped the place apart has lost its currency. Probably the last couple of generations wouldn't even understand it, though in former years it was always good for a laugh because the situation it reflected was a familiar one.

The improvement in methods of fire fighting and in the training of those who do it has been so substantial that it has pretty much removed the need which led to the creation many years ago of fire patrols by insurers. For many years now the objective has been to disband them and permit their functions to be assumed by the municipalities.

The executive committee of National Board not long ago approved a recommendation of the committee on fire prevention and engineering, that steps be taken promptly to close the ten remaining patrols and salvage corps supported by the insurance business.

Just how promptly the remaining patrols will be disbanded depends on cir-

cumstances and it is doubtful if all can be closed at one fell swoop. However, in the last 17 years, since 1935, the following have been closed down: Minneapolis, St. Paul, Duluth, Milwaukee, Louisville, New Orleans, San Francisco, Memphis, Indianapolis and Newark. Mobile was closed in 1921.

Patrols are still in operation in New York, Chicago, St. Louis, Albany, Philadelphia, Baltimore, Kansas City, St. Louis, Boston, Worcester, and Cincinnati.

### Served Useful Function

In the early days, when buildings were not so well designed and constructed to prevent or slow up fire, and when much of the fire fighting was done by volunteers, and then by fairly untrained firemen, the protection of merchandise in high valued districts of the larger cities was of prime concern to insurers. The firemen were interested in putting out the fire, the salvage corps in protecting merchandise from water, looting, and similar hazards.

However, in recent years both construction and fire fighting have become more scientific. Fire departments use less water, better controlled, and do far less destruction. Municipalities have become more businesslike as their business problems have grown, and with

better training and organization professional fire fighting has become more of a career. Consequently, to some extent, fire patrols have found it increasingly difficult and more expensive to attract enough of the kind of personnel characteristic of them in earlier days.

## Cal. "Comp" Rates Up 8%

An increase in workmen's compensation insurance rates of 8.1% has been granted by Commissioner Maloney, his decision on the petition of the California Inspection Rating Bureau, following hearings in San Francisco and Los Angeles.

He holds that on the rate level adjustment the increase of 4.7% on past California experience and an increase of 1.6% on the off balance and experience rating plan are similar to previous revisions. On the contingency and profit rates (excluding workmen's compensation) the law expressly includes a "reasonable margin for underwriting profit," but he is unconvinced that the minimum rating law authorizes the commissioner to require workmen's compensation insurers to charge rates that contemplate a profit of a specified minimum whether they want to or not. "The inclusion," he says, "in the insurance rates of a specific factor for profit is accordingly disapproved." He holds that the rate making procedure of the past did not produce an adequate rate level for all classifications. To provide a margin an emergency safety factor of 1% is adopted. This factor added to the expense loading of 36.85 raises the total loading to 37.85% and is equivalent to a manual rate level increase of 1.6%.

## Urges More Casualty Writings by Fire Companies

There is no quicker and easier method to turn the threat of government encroachment into the insurance business into invitation than by the continuation of a constricting market, Joseph A. Neumann, of the N.A.I.A. executive committee, said in a speech at the New England Assn. of Insurance Agents' annual convention. "Unfortunately," he said, "some casualty companies are so tightening their underwriting (or even closing agencies) that the large blocks of business their panic dumps on the market are further straining the capacity of the rest."

One way in which this problem could be alleviated would be for the 40 or more fire companies qualified to write casualty lines to do a little more than the "toe-wetting" they have engaged in and enlarge their facilities to handle it, according to Mr. Neumann. These companies would bring into the field a tremendous capital and could provide a substantial amount of relief for the harassed casualty companies. "It could readily be the answer to 'insurance or subsidy' of America," he said. "Private enterprise could be given a transfusion and a crisis averted."

"It behooves our leaders to give immediate study to this most important problem by exploring any and every possible solution, irrespective of how remote or fantastic as to our past thinking it may be," he added. "Too often, the answer to a suggestion comes back prefaced, 'It is traditional that . . . I'm afraid that such an answer is of no avail. When it was an effective answer in the past, it was not traditional for government to set itself up as a competitor. Things change, so must we.'"

It is also within the power of the regulatory authorities upon proof properly documented to grant some measure of relief through adequate rates, he pointed out, "but, it then becomes the obligation of the industry to keep our end of the bargain. Superintendents and commissioners do not relish the politically unhappy chore of granting rate increases without something in return—like a freer market, for instance."

## Brokers Disapprove Defense Department Group Commissions

At the governing committee meeting of National Assn. of Insurance Brokers in New York, a special committee disapproved adoption of the commission schedule proposed by the defense department, which was the scale used under the second war army plan, on group life, health and accident insurance on cost plus fixed fee defense contracts with 500 lives or more. The committee recommended regular commercial scale commissions on the first \$50,000 of premium and 80% of that scale on premiums of more than \$50,000. Action of the committee will be forwarded to Thomas L. Kane, director of insurance of the office of Secretary of Defense.

### Study Catastrophe Risks

A committee of three was authorized to be appointed to study catastrophe risks such as war and flood damage, and determine whether they are insurable, so as properly to inform the public to this effect. The most pressing question, it was decided, is flood damage. The directors reaffirmed a previous resolution that they are not in favor of any unsatisfied judgment fund. Also, Secretary Barclay Shaw was directed to speak in favor of the adoption of the agents and brokers qualification and licensing bill as drafted by the commissioners' subcommittee, at the Chicago N.A.I.C. meeting.

John O. Cole of Despard & Co., was elected chairman of the governing committee.

## Iowa Field Organizations Choose Stuhman, Roland

Iowa Fire Underwriters Assn. at its annual meeting at Spirit Lake elected Richard Stuhman, Northern Assurance, president. O. E. Hartman, Springfield, F. & M., was named vice-president and W. E. Kent, Commercial Union, secretary.

Meeting in conjunction, Iowa Fire Prevention Assn. chose Lee Roland, Home, president; James Sellers, Boston, vice-president; Darby W. Miller, American, secretary, and Robert Aschim, National Fire, secretary.

## Claim Groups Meet in Vt.

Loss Executives Assn. and New England Claim Executives Conference held a joint meeting this week at Manchester, Vt. Ward Cunningham of Chubb & Son, is president of the loss executives.

Commissioner Miller of Vermont was scheduled to bring greetings from his department, Fred Doremus, manager Eastern Underwriters Assn., to speak on public relations value of cooperation, and Frank Glendenning, Philadelphia accountant, on controversial U. & O. coverage.

On Friday the program has J. F. VanVechten, president National Assn. of Insurance Agents, talking on follow through and Donald B. Sherwood, general adjuster National Board, on Niagara Falls blasting operation. Afternoons were devoted to golf, bridge and the like, and the banquet was Thursday evening.

## J. C. Steggle Is Advanced

North Star Reinsurance has appointed John C. Steggle as assistant secretary. Since joining North Star in 1950, Mr. Steggle has been in ocean marine reinsurance. Mr. Steggle entered the marine insurance business in 1937 with Messrs. Alex Howden & Co., Ltd., brokers and underwriting agents at Lloyd's of London and principal underwriting agents for Orion Ins. Co. He was with Howden's marine department until 1950, when he came to the U. S.

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Old and well established stock fire company in need of Special Agent for Northern Illinois and Southern Wisconsin. Replies will be treated in strict confidence and application should state full qualifications and approximate salary desired. Address M-13, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### AVAILABLE

Farm Special Agent with almost 25 years Mid-West Field and office experience. Can sell, inspect, underwrite and adjust losses. Well qualified also for fire special agent. Under 45, married and will relocate. Please write Box M-14, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED

Experienced Casualty Underwriter, Special Agent or Claim Agent for State of Wisconsin to operate out of Madison, Wisconsin. Seven years' experience. Address M-15, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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Well established large Indiana mortgage and real estate firm desires to employ high-type, experienced executive responsible for the administration of their complete insurance division including Fire and Casualty. Must be capable of taking complete charge and managing our General Agency. Write stating full details of experience, training and personal data. Address M-18, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### AVAILABLE

Assistant Claims Manager, 25 years Casualty insurance experience, seeks change in position. Address M-7, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED TO BUY

local agency with \$10,000 to \$15,000 commission income. Country point in Illinois or Iowa preferred. Address M-8, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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Large Multiple Line Company desires man to develop Missouri (except St. Louis County) and Kansas. Headquarters Kansas City. Give full details—age, experience, salary expected. All replies confidential and our employees know of this ad. Address M-17, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

## Michigan Group Port H

There was annual meeting of the Michigan Group of Port H. G. L. elected president. L. Jennings, Commercial, Frank Green, treasury-treasurer, British was chairman.

The meeting dinner for sponsored security of N. Home, and Mr. Jen business was present executive c outfit by th

Mr. Kell announced would consider man, of o Forster; A. gene Mart Beaver, G Young, Na Harry C Fire, was i tor in Mich succeeds F

## Prevention

At the Prevention named W as president group, 1st Automobile Harrold, R Western

## \$5 at PR M

About 8: relations c the group's Huron in meeting of Assn. Fr is the reti ization. T total of 2 mittees.

Among sentatives groups in Kelly, Tra Michigan Darlyle W Arthur Ric Detroit A Managers; Accident, Surety As juster wit Strong, M Loesch, U Voorhees, Assn.: Ray past presi writers A tary Detro R. F. Irv of Westo Krussman the Michi George ager of th on the bo relations

INSUR B  
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## NEWS OF FIELD MEN

### Michigan Field Groups Have Big Port Huron Rally

There was a record turnout for the annual meeting of Michigan Fire Underwriters Assn. at Port Huron last week. G. E. Kelly, Travelers Fire, was elected president, succeeding Raymond L. Jennings, American. Jack Sharpe, Commercial Union, is vice-president, and Frank Greene, National Fire, is secretary-treasurer. Fred Krussman, North British was named executive committee chairman.

The meeting opened Monday with a dinner for 20 past presidents that was sponsored by George H. Haage, Security of New Haven; George L. Stone, Home, and John Horn, Travelers Fire. Mr. Jennings was in charge at the business session the following day and was presented an inscribed gavel by the executive committee, and a rod and reel outfit by the membership.

Mr. Kelly in his acceptance address announced that his executive committee would consist in addition to Mr. Krussman, of C. C. Luppenthal, Crum & Forster; A. B. Paulsen, Continental; Eugene Martineau, American; Charles R. Beaver, Great American, and John R. Young, National Union.

Harry C. Pollock, New Hampshire Fire, was named public relations director in Michigan. In that position he succeeds Frank Greene.

#### Preventionists Elect

At the luncheon the Michigan Fire Prevention Assn. had its election and named W. D. Voorhees, National Fire, as president Floyd Buschlen, Loyalty group, 1st vice-president; Pierce Enes, Automobile, 2nd vice-president; Richard Harrold, Home, secretary, and Frank Westerman, Boston, treasurer.

#### 85 at PR Meeting

About 85 members of Michigan public relations committee were on hand for the group's review of the year at Port Huron in connection with the annual meeting of Michigan Fire Underwriters Assn. Frank Greene, National Fire, is the retiring chairman of this organization. There were reports given by a total of 28 chairmen of various committees.

Among those attending were representatives of nearly all of the insurance groups in the state, including G. E. Kelly, Travelers Fire, new president of Michigan Fire Underwriters Assn.; Darlyle Watters, Michigan department; Arthur Rice, Great American Indemnity, Detroit Assn. of Casualty Insurance Managers; C. B. Kingman, Standard Accident, Grand Rapids Casualty & Surety Assn.; Pat Carden, general adjuster with the National Board; Carl Strong, Michigan State College; Arthur Loesch, Underwriters Adjusting; W. D. Voorhees, Michigan Fire Prevention Assn.; Raymond L. Jennings, American, past president Michigan Fire Underwriters Assn.; Clyde Morrison, secretary Detroit Assn. of Insurance Agents; R. F. Irvine, Grand Rapids, manager of Western Adjustment, and Fred Krussman, North British, P.M.L.G. of the Michigan Blue Goose.

George Traver, public relations manager of the National Board gave a talk on the board's activities in the public relations field. He complimented the

Michigan group for its work, saying that the state has been a leader in the educational field in its agency educational program conducted in cooperation with Michigan State College.

Mr. Strong of the Michigan State reported on the educational program, saying that there were 1,818 agents enrolled in the program and that 365 field men participated. There were more than 3,800 hours of instruction given.

The speakers emphasized that they expect a growth of the program in the next year. Mr. Traver emphasized that company management is behind the public relations effort.

### Wallace, Mauritson Elected in Wisconsin

BAILEY'S HARBOR, WIS.—Officers elected by Wisconsin Fire Underwriters Assn. at the annual meeting here are: Lloyd Wallace, Jr., Niagara Fire, president, to succeed Nelson Lane, St. Paul F. & M.; Edwin H. Knox, Phoenix of Hartford, vice-president; Albert Nick, Standard of New Jersey, secretary-treasurer; Larry Mulcahy, National Fire, chairman of the executive committee; Irven I. Frey, Firemen's, and L. E. Knauber, American, executive committeeman. The dinner featured Green Bay Packer and other professional football pictures, with talks by F. L. Earp and Bob Forte of the Packers. Arrangements were in charge of Eli Shupe, Home. In his report, Mr. Lane covered the various activities of the association and paid high tribute to the various committees.

The Wisconsin Home Nest of the Blue Goose, meeting on the eve of the field club convention, elected H. L. Mauritson, Fireman's Fund, most loyal gander, succeeding Lloyd Wallace, Jr., M. P. Griffin, Connecticut Fire, supervisor; Howard J. Zibble, Agricultural, custodian Harold J. Lacey, Home guardian; Howard Monsen, Springfield F. & M., keeper.

### Wis. Preventionists Elect John Hitt New President

John Hitt, Aetna Fire, was elected president; M. W. Sampson, Fireman's Fund, vice-president, and Carl Roggenkamp, Ohio Farmers, was reelected secretary-treasurer of Wisconsin Fire Prevention Assn. at the annual meeting.

A report by retiring president, W. J. Meyer, Loyalty group, mentioned successful town inspections last year at Kenosha, Waupun, Lancaster, Stoughton and Waterloo.

Harry H. Wolff, field officer of the fire prevention department of Western Actuarial Bureau, presented a review of the problems of fire departments, stressing the many phases of specialized training required.

At the Wisconsin Fire Prevention Assn. session John T. Hitt, Aetna Fire, was elected president to succeed William J. Meyer, Loyalty group. M. W. Sampson, Fireman's Fund, was chosen vice-president, and Carl H. Roggenkamp, Ohio Farmers, was reelected secretary. Harry Wolff, Western Actuarial Bureau, discussed "Problems of Fire Fighting."

### Aetna Names Two in N.Y.

Two new special agents in New York have been appointed by Aetna Fire. William B. Wisner was named special agent in eastern New York and John E. Bradovchak was named special agent in the western part of the state.

Mr. Wisner was graduated from Princeton University in 1949 after serving in the army for over two years. He joined the home office of the Aetna in 1951, and has attended the Aetna's multiple line training school.

Mr. Bradovchak completed his education at the University of Connecticut

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in 1949 after serving for nearly three years in the army. Soon after his graduation he joined Aetna in the New York underwriting department. Mr. Bradovchak is a graduate of the multiple line training school.

### O'Brien, Lefterson Transfer

Robert W. O'Brien, Royal-Liverpool state agent in northeast Kansas, has been transferred to Kansas City. He has spent five years in the Kansas field during which he has been active in Blue Goose and Fire Prevention Assn. activities.

He will be succeeded at Topeka by Steve Lefterson who transfers from St. Louis.

### Jules Simoneaux Backed for Blue Goose Office

The Blue Goose at its New Orleans annual meeting elected P. A. Bienvenu, attorney, as most loyal gander; Parker A. Wiggins, Springfield F. & M., supervisor; Sam Peters, London & Lancashire, custodian; Price Bowen, General Adjustment Bureau, guardian; E. O. Kennedy, American, keeper; P. J. O'Reilly, Jr., R. Kirk Moyer Agency, general agent, welder.

P. A. Bienvenu and Jules E. Simoneaux were selected as delegates to the grand nest convention at Dallas, Aug. 26-28. The Louisiana pond is sponsor-

ing the candidacy of Mr. Simoneaux for office to the grand nest, and will offer his name in nomination at the coming convention.

Mr. Simoneaux is senior partner of the Henry A. Steckler Co. general agency of New Orleans. He is vice-president of American Assn. of Managing General Agents and vice-president of Louisiana Rating & Fire Prevention Bureau. He is a past president of Louisiana Field Men's Assn. and is a member of the advisory committee of the southwestern department of General Adjustment Bureau. He was a past president of Exchange Club of New Orleans and a past district governor of National Exchange Clubs of Louisiana.

### Russell Heindel Is New M.L.G. of Mich. Blue Goose

Michigan Blue Goose at its annual gathering at Port Huron last week initiated 28 goslings, and the membership now is at a record 503 ganders.

The new officers are: Most loyal gander, Russell Heindel, London Assurance; supervisor, Robert M. Hill, Hill Adjusting Co.; custodian, C. B. Kingman, Planet; guardian, William H. Moeller, London & Lancashire; keeper, E. E. Sademan, Agricultural, and welder, Floyd Buschlen, Loyalty group. The new officers were installed by Clarence B. Herrick, Yorkshire, a P.M.L.G. The retiring M.L.G. is Fred Krussman of North British.

The ganders had a luncheon on the beach and there was a golf tournament and fishing. William Reid, Sun, was winner of the "Stu Morgan" golf trophy. Later in the afternoon there was a cocktail hour and 200 were on hand for the banquet at which P.M.L.G. Frank R. Grosvenor, U.S.F. & G., presented life memberships to George Harrison, H. W. Knoblauch and Harry Williams.

### Thumley Named to Ill. Post for Pacific National Fire

James G. Thumley has joined Pacific National Fire as Illinois state agent. This includes supervision of Chicago and Cook county. His headquarters will be at western department offices at Chicago. He will look after the affairs of Paramount as well. He takes the place of James Brock, who has gone with Northern of New York.

Mr. Thumley has been in the insurance business about 20 years, most of the time with Millers National in the field and at the head office.

### D. C. Has New M.L.G. of B.G.

New officers elected by National Capital pond of Blue Goose are: Fred R. Bunting, independent adjuster, most loyal gander; George F. Allebach, supervisor; James A. Willey, custodian; William R. Finnie, Fireman's Fund, guardian; J. Monroe Hunter, Jr., Great American, keeper, and Frank Nussbaum, Home, welder.

### Granite State Names Miller

Granite State Fire has named M. E. Miller special agent in the Mississippi territory. Mr. Miller was formerly branch sales manager for American Mutual Liability at Jackson, Miss. He was in the army during the war.

### Slate Ohio F.U.A. Meetings

Ohio Fire Underwriters Assn. has selected the following meeting dates and sites:

Sept. 9, Cincinnati; Oct. 14, Columbus; Nov. 11, Toledo; Dec. 9, Jan. 13, and Feb. 10, Columbus March 10, Cleveland; April 14 and May 12, Columbus.

### Lygate Joins St. Paul

Jack Lygate, former state agent in western Kansas for Royal-Liverpool, has joined St. Paul F. & M. at New Orleans. Succeeding him at Topeka is William C. Bock, a recent graduate of the University of Nebraska.

### Elect Barwise at Alamo

Alamo Blue Goose has elected Allan Barwise, General Adjustment Bureau, most loyal gander; George H. McKinney, T. A. Manning & Sons general agency, supervisor; L. C. Picnot, Picnot Adjusting Service, custodian; J. Sid Cunningham, American General, Guardian; W.

C. Lawrence Moore, Aetna

### Home Pr to State

Donald N. the service Kansas City agent and tr Mr. Brissn tecton and e also attende sota for a y administration as a special ment at C served with tion Bureau was transfer Mr. Brissn Kansas City who has join al agent. as an inspect Inspection B

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Mr. Miller than one we

### ARTHUR W.

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C. Lawrence, Home, keeper, and E. B. Moore, Aetna Casualty, wielder.

### Home Promotes Brissman to State Agent at Detroit

Donald N. Brissman, special agent in the service department of Home at Kansas City, has been promoted to state agent and transferred to Detroit.

Mr. Brissman, a graduate in fire protection and engineering at Illinois Tech, also attended the University of Minnesota for a year, majoring in business administration. He joined Home in 1941 as a special agent in the service department at Chicago, having previously served with Fire Underwriters Inspection Bureau at Minneapolis. In 1946 he was transferred to Kansas City.

Mr. Brissman will be succeeded at Kansas City by George C. White, Jr., who has joined the company as a special agent. Mr. White formerly served as an inspector and rater with Missouri Inspection Bureau.

### W. S. Chapin in R.I. Field

W. Scott Chapin has been transferred by Phoenix of Hartford from the Connecticut and western Massachusetts field to Rhode Island to assist State Agent T. E. Hopkins.

## CHICAGO

#### ONESON TO NEWHOUSE & HAWLEY

Martin T. Oneson, Jr., formerly manager of the marine department of Stewart, Keater, Kessberger and Lederer, has joined Newhouse & Hawley, at Chicago as assistant manager of the marine department.

Mr. Oneson began his insurance career with Hartford Fire in 1935. After army service he returned to the company as an underwriter and in 1948 joined Meyers-Engel Co. Chicago general agents later consolidated with Stewart, Keater.

Newhouse & Hawley, has an office at New York City.

#### TWO CELEBRATE 40th ANNIVERSARY

Conkling, Price & Webb, Chicago general agency, honored Harold W. Giff and Ralph W. Miller at a luncheon at the Union League Club upon completion of 40 years of service with the organization. Both were presented with engraved gold watches. Mr. Giff started with the agency in 1912 as a mail clerk when he was 15 years old. Following a period of policywriting he was moved to the accounting department for nine years. His duties were interrupted by navy duty during the first war following which he returned to the agency and entered the underwriting department which he has headed ever since.

Mr. Miller joined the agency less than one week after Mr. Giff, having

## Wis. Makes Analysis of Lightning Losses of One Year

Commissioner Lange of Wisconsin this week released the results of a study made by his department of lightning losses in Wisconsin. He was able to get a careful count because adjusters reports are filed with the state. He found that of the fire loss adjustments about one third by number and 10% by amount were in the lightning category. There were 30,000 fire loss adjustments in Wisconsin in 1951 and of those 10,660 were due to lightning while by amount the fire losses totaled \$13 million of which \$1,300,000 were due to lightning. It was clear that there was no concentration of lightning losses in any one area and hence Mr. Lange concludes there is nothing that can be called a lightning zone. Nor was there any correlation between the incidence of windstorm losses and lightning damage.

## NEW YORK

#### HOME MAKES PROMOTIONS

Home has promoted Albert A. Kahn to assistant manager of the New York midtown office, effective immediately. He joined Home in 1936 and following his discharge from military service in 1945, he was appointed assistant manager at Brooklyn for Franklin Fire. In 1948 he was transferred to the midtown office of Home. In the Westchester field office, William A. Wiggins has been appointed state agent and R. John Fiske has been transferred to the suburban division of that office as a special agent.

#### N. Y. BOARD DIRECTORS

The following has been appointed directors of New York Board: Victor Kurbyweit, secretary of America Fore, David S. McFalls, president R. B. McFalls & Son, and Sinclair T. Skirrow, vice-president of Great American.

The New York employees of North British last week took a boat ride to Rye beach where they spent a day in picnicking and various outdoor activities. William F. Campbell, president of the employees club, made the arrangements.

had previous experience in the insurance business. He started as a state agent, traveling Illinois and Indiana for London Guarantee & Accident which Conkling, Price & Webb has represented for 59 years. For the past 15 years, Mr. Miller has been operating as an independent broker with the agency. He will soon round out 50 years in the business and is approaching his 70th birthday.

## Asks Orderly Approach on Multiple Line Policies

Multiple peril policy development should come only through orderly processes of collective action by the companies acting with the rating bureau. Walter W. Allen, vice-president of Home, asserted in his talk at the summer meeting of New England Assns. of Insur-

ance Agents. He pleaded for an orderly approach to multiple line underwriting, remarking on the many obstacles in the way of comprehensive and all risk contracts.

Multiple Peril Insurance Rating Organization is now working on a new comprehensive policy for owner-occupied dwelling, but he did not predict when this policy might be unveiled or filed.

## This agent thought IT WAS "DUCK SOUP"



And so it was. He had a long list of friends and acquaintances . . . enough for a tidy little business. It was when the HCL hit him and he decided to expand that he discovered that "handling" insurance isn't quite the same as "selling" it. His friends hadn't asked him the questions his new prospects did. They hadn't seemed to make the same demands, either.

Our friend, being wise, did as smart agents all over the country are doing. He turned to Pearl American to help him service his clients. Pearl American's policy of complete cooperation, flexible company attitude, speedy service and information, is really making insurance selling "duck-soup" for the agents on our team. We'll be happy to have you with us.

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## EDITORIAL COMMENT

### How Many Hands Are in Your Pocket?

In these times, the salary check received by the average citizen is committed almost 100% by the time he gets it—in some instances, of course, it is overspent. The mortgage on the house, the company that financed the automobile, the store that put in the TV set, the grocer who sends a bill once a month; all of these and others have their hands in the citizen's pocket. He doesn't see or handle any substantial sums of money any more; it is all paper work.

As Clifford B. Reeves of Mutual Life says, there are only \$268 of hard money in the world—all the rest of it is accounting.

How much influence has this almost universal operation on credit had upon insurance? Undoubtedly a great deal. In former days when the citizens had to save up \$10,000 to buy a house or had to borrow \$10,000 from the bank and pay it off in one lump or get it extended on the anniversary date, there weren't so many houses contracted for. Very likely if people today had to accumulate the cash before purchasing property, many of them would hang on to it or hang on to more of it.

But now all they do is sign a piece of paper, and as time goes on sign other pieces of paper parceling out their salaries.

The painless device for paying debts, monthly amortization, did not begin to achieve its present vast popularity until the early 1930s. This method, combined with the expansion in population during and following the second war, has resulted in more homes being constructed, and therefore more insurance—fire, liability, credit life, life insurance. More of other kinds of property has been accumulated by more owners in this way—furniture, appliances, automobiles, TV sets, etc.

The net effect is that the average

citizen is never much farther than three months from bankruptcy. He is in a financial position where a serious uninsured loss would ruin him. He is well aware of this. Consequently he has turned to all forms of protection—prepaid hospitalization, life insurance, fire and casualty, inland marine, and anything else that he believes he needs to provide the security that he no longer is able to furnish out of his own situation. He achieves security as he purchases property, on the installment plan.

And it is not only the average citizen that has been infected by the amortization principle which makes it so easy to create property by spending futures—by borrowing money. At the other end of the economic scale the big corporations borrow huge sums to expand their operations, and they amortize their debt in the same manner, if not in the same size, as the average citizen. They also do not wait until they have saved up the money before spending it.

What has this to do with insurance? In several notable instances with which we are familiar and undoubtedly in a great many others with which we are not, the borrowing of large sums by corporations with tremendous assets has caused directors, because of their feeling of a fiduciary responsibility, to recommend insurance where previously non-insurance or self-insurance obtained.

Many of us today live close to the brink of financial disaster. We have our jobs which are contingent upon our being able to perform satisfactorily in them. The salary checks that we get for doing the work are pretty well committed in advance. Taxes hamper the accumulation of money. These are some of the reasons why so many forms of insurance have ceased to be a matter of choice and have become things of necessity.

necticut district, which comprises Hartford county. Mr. Ashmead, who lives at Windsor, long has interested himself in local politics, and last year he was campaign manager for the successful candidate for lieutenant governor of the state. Mr. Ashmead's opponent, the Democratic nominee, has a strong following in the district.

**A. G. Harrison** of Louisville, first vice-chairman of Midwest Territorial Conference of National Assn. of Insurance Agents, is slated to move into the top spot next spring. He has been with the C. D. Harris & Sons agency since it was organized in 1934 and a member of the firm since 1937. A native of Louisville, he started his insurance career in 1918 as a mail clerk for Kentucky Actuarial Bureau at the age of 16, having previously worked part time for that organization while in high school. He became a rating engineer and in 1926 went with Travelers Fire in that capacity, later in the same year joining what was then the Gaunt & Harris agency as fire manager.

Mr. Harrison served two terms as president of Louisville Board of Fire Underwriters, beginning in 1939. He has been a member of the executive committee of Kentucky Assn. of Insurance Agents and for the past 10 years has been Kentucky representative on Midwest Territorial Conference. He was elected a vice-chairman at St. Louis in 1930 and moved up to first vice-chairman last spring.

**William Bernhard**, joint general manager of General Accident, leaves in July for Scotland and England where he will spend a month. He will visit the head office of his company.

**Wade Fetzer, Jr.**, president of W. A. Alexander & Co. of Chicago, has been elected a trustee of Northwestern university, and **Wade Fetzer, Sr.**, who is chairman of W. A. Alexander and who has been a trustee of Northwestern since 1937, has been elected a life trustee of that institution. Wade Fetzer, Jr. graduated at Northwestern school of commerce in 1925 and has been with W. A. Alexander & Co. since.

**Herbert E. Doering** of New Ulm, who is special agent for American in southwest Minnesota, has been elected commander of the DeMolay Commandry, No. 26, Knights Templar.

**Howard Fullington**, of the Dulaney, Johnston & Priest agency at Wichita, president of Kansas Assn. of Insurance Agents, has been named vice chairman of the board of regents of the University of Wichita.

**W. S. Gibbons**, Kansas manager of St. Paul F.O.M., secretary of Kansas Fire Prevention Assn., who has been in a Wichita hospital for five weeks from an old ailment followed by a heart attack is reported improved and able to set up in bed now. He hopes to be able to return to his home by early July.

**Sally-lu Haskell**, daughter of **George D. Haskell** of American Mutual Alliance, was married recently to **Allen Weaver Faris** of Norfolk. Mrs. Faris, after several years as a United Air Lines

stewardess, was recently promoted to instructress at the line's training center at Cheyenne. The couple will live at Cheyenne, where Mr. Faris is with the U. S. Air Force at Warren Air Base.

**Hermion Dunlap Smith**, executive vice-president of Marsh & McLennan at Chicago, is chairman of the campaign committee for reelection of Adlai Stevenson as governor of Illinois. Mr. Smith was head of the non-partisan phase of Stevenson's first campaign in 1948.

**Victor G. Henry** of the Kessler-Henry agency at Wichita, a past president of Kansas Assn. of Insurance Agents and farm committee chairman of N.A.I.A., who suffered a heart attack early in the spring, is now able to spend a brief time at his office and hopes to be back in the harness full-time by fall.

**A. J. Devine**, Garden City, Long Island manager of Home, and **H. G. Eisemann**, Hicksville (N. Y.) agent, hit the front page of the "Mid-Island Herald" with a picture of the handing a loss draft to the president of the Hicksville board of education. The draft was for damage to the Dutch Lane elementary school, under construction when damaged by the June 9 wind-storm, and the newspaper story said that this prompt payment would make it possible for the school, badly needed because of the influx of children in the Levittown area, to open on schedule.

## DEATHS

**KENILWORTH H. MATHUS**, who died at New Rochelle, N. Y. Hospital at the age of 52, was for many years a prominent figure in life insurance public relations, advertising and editorial work, and was also the founder and first editor of the Casualty & Surety Journal of Assn. of Casualty & Surety Companies. His age was 52 and his home was at Larchmont. At the time of his death he was a consultant for Alfred Politz Research, Inc.

He went with the casualty association in 1940 to launch its journal. He was a graduate of Brown and had been with Penn Mutual Life, United Life & Accident, Connecticut Mutual Life, for 11 years, the old Life Insurance Sales Research Bureau and Acacia Mutual Life, from 1938 to 1940.

**CLAUDE C. HOOVEN**, president and treasurer of the Hooven-Pohlmeier agency at Dayton, O., died at the age of 77. He was the second generation in the agency, which was established in 1882 and was formerly known as the Hooven-Huffman agency. **George C. Pohlmeier**, vice-president and secretary, will carry on the agency. Mr. Huffman had been general agent for American Auto for some 35 years.

**EDWIN B. SNOW**, 72, for 27 years the owner-manager of the Snow agency at Detroit, died following a heart attack at his home there. He was a graduate of Massachusetts Institute of Technology and in 1917 joined the Michigan Inspection Bureau. He was later a special agent for several Michigan com-



A. G. Harrison



K. H. Mathus

## PERSONAL SIDE OF THE BUSINESS

**J. H. Baker**, American Surety, Cincinnati, will be inducted by the army June 27. Mr. Baker was recently elected secretary of Assn. of Casualty & Surety Managers of Cincinnati.

**R. E. Dineen**, vice-president of Northwestern Mutual Life, in his warming up remarks during his luncheon address before N.A.I.C. at Chicago Tuesday, got off a crack that was much appreciated. He complimented the arrangements that had been made for the Chicago convention and said that he had been supplied with two bodyguards to prevent him from being served with a subpoena while on the platform. This had reference to the fact that at a recent zone meeting at Panama City, Fla., Commis-

sioner Larson of Florida and Commissioner Cravey were served with subpoenas during a formal session of the convention in the \$30 million damage suit that was brought by Bankers Life & Casualty of Chicago.

**D. E. Tyrer**, chief accountant of Norwich Union at the head office in England, is in this country for a month or so, visiting at the U. S. head office in New York. He will spend a week in Canada. This is his first trip to America.

**John Ashmead**, secretary of Phoenix-Connecticut, has won the Republican nomination as candidate for representative in Congress from the first Con-

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panies and formed his own agency in 1925. Early this year the agency was purchased by Leo B. Miller and the name was changed to Miller-Snow agency.

**WALTER D. OWENS**, 49, president and director of United States Casualty and vice-president of New Amsterdam Casualty, died in his sleep early Monday at his home, 969 Park avenue, New York City. Death was attributed to heart failure.

Mr. Owens had long been a leader in the business.

Born in Jacksonville, Fla., he received his early education in the public schools there and later was graduated from Florida military academy and North Georgia agricultural college. He first entered insurance while in college, as an employee in the claim department of the Aetna Casualty branch office in Jacksonville.

In 1925 he established his own agency in Orlando, Fla., Bailey-Owens & Co., and remained there until 1928, when he became assistant southern manager of Southern Surety. Several years later he became southern manager of Home Indemnity with offices in Charlotte, N. C., and in 1932 transferred to U. S. Casualty in the same position and the same city. Two years later he went to the home office in New York City as assistant to the president, was made a vice-president the following year and in 1940 was elected executive vice-president. In 1948 he was elected president.

Mr. Owens frequently represented both companies on committees of Assn. of Casualty & Surety Companies, including the executive committee, public relations committee and casualty committee.

**ALEXANDER SCOTT**, 64, treasurer and a director of Northwestern Mutual Fire, died at Seattle after a prolonged illness. Mr. Scott was born in England. He went to Canada in 1910 and during the first war served with the Canadian army. In 1919 he came to the United States and studied accounting at the University of Washington. He joined Northwestern Mutual in 1926. In 1929 he was transferred to the auditor's department which was under the direction of L. D. Brill, now president. In 1936 he was appointed assistant secretary; in 1944, treasurer, and in 1947 a director.

**HENRY M. HANSEN**, vice-president of Marsh & McLennan and one of San Francisco's pioneer insurance executives, died after a short illness. His business career began in his family's lumber company, but after a few years he switched to insurance, becoming a broker and partner of J. B. F. Davis & Son.

When the Davis firm merged with

Marsh & McLennan in 1929 Mr. Hansen became vice-president. In the ensuing years and up to the time of his death he was active in administrative affairs in both the San Francisco and Los Angeles offices.

Mr. Hansen served as past president and member of the governing and executive committees of Society of Insurance Brokers, San Francisco.

Mr. Hansen was a graduate of University of California in 1903. As an undergraduate he played baseball and football, and in later years he was a devoted follower and supporter of the teams. In 1952 he headed the Grid Club and Big "C" Society.

**E. L. DEE**, for 14 years superintendent of agencies for Springfield F. & M. in Montana, died suddenly from a heart attack. Mr. Dee made his headquarters at Butte.

**C. NORMAN JONES**, 83, former president and chairman of Title Ins. Corp. of St. Louis, died there of infirmities.

**HUGH L. McCONNELL**, 59, vice-president of the Hollingsworth agency at Los Angeles, died of a heart attack following a lengthy illness. He had been in the insurance business in Los Angeles for about 25 years.

**CHARLES F. SIMMONS**, staff adjuster for Home at Boston, and the company's oldest employee, died at his home at Milton, Mass. His age was 91.

Mr. Simmons started his insurance career with the Hollis & Snow agency, which represented Home at Boston, in 1880. In 1888, he was appointed a special agent and assigned to the office of Moses R. Emerson, general agent of the company, later having supervision of the company's operations in the metropolitan district of Boston. When Home established a branch office at Boston in 1907, it was placed under the supervision of Mr. Simmons and the late Frederick A. Wetherbee. When that office was discontinued in 1914, Mr. Simmons was appointed staff adjuster for the metropolitan area in which position he continued until placed on the reserve force in June, 1948.

**WILLIAM L. LERCH**, 84, former manager of Underwriters Grain Assn., died at St. Petersburg, Fla. He had been in the business for 55 years starting with the western department of Great American in 1888 shortly after his graduation from North Central College at Naperville, Ill. He became second assistant manager of the department in 1904 and was named joint manager with the late J. C. Ingram in 1916.

Following the death of Mr. Ingram in 1920, Mr. Lerch became western department manager. In 1926 he was appointed deputy manager of the western department of the old Royal-Liverpool fleet of fire companies at Chicago. When that department moved to New York in 1930, he became manager of Underwriters Grain Assn., a position he held until his retirement in 1943.

**WILBUR R. CROSS**, 83, vice-president of the Goodwin agency of Salem, Va., and former mayor of that place died.

**P. P. BALDWIN**, local agent at Afton, Wyo., for a number of years, died at his home there. His son, who was to have succeeded him, dropped dead from a heart attack, shortly after the father's death.

**HENRY G. LATIMER**, 73, an agent at Wilmington, N. C., for 25 years died at his home there.

**CLAUDE C. HOOVEN**, 77, president of the Hooven-Pohlmeier agency at Dayton, O., died after a long illness. He had been in the insurance business since 1909.

**ALFRED L. GARNAND**, local agent at Wellington, Kan., died at the veterans hospital at Wichita, following a prolonged illness.

James Henry, formerly with the Wallace agency at Stafford, Kan., has opened his own agency there.

## O'Leary Is N. E. Marine Field Chief for Employers

Employers group has named Francis X. O'Leary, inland marine state agent for the New England states, with his headquarters at Boston.

Mr. O'Leary has been with the company since 1936, most of the time in field work, traveling as a marine special agent in Illinois, Indiana, and, more recently, in the New England territory.

## Shift Carson in N.C.

Commercial Union has named E. C. Carson special agent in North Carolina, replacing Special Agent David M. Deakins, who goes to the southern department at Atlanta.

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Today, \$1000 "ain't what she used t' be"! Rising prices have devaluated an alarming number of the policies you wrote just a few years ago. Your own good reputation as a man on whom your insureds can depend for adequate protection, demands your reviewing all your older policies against today's costs. Dubuque F&M, this old established multiple line company, will help you reevaluate each coverage if you like. Your immediate inquiry will be welcomed!



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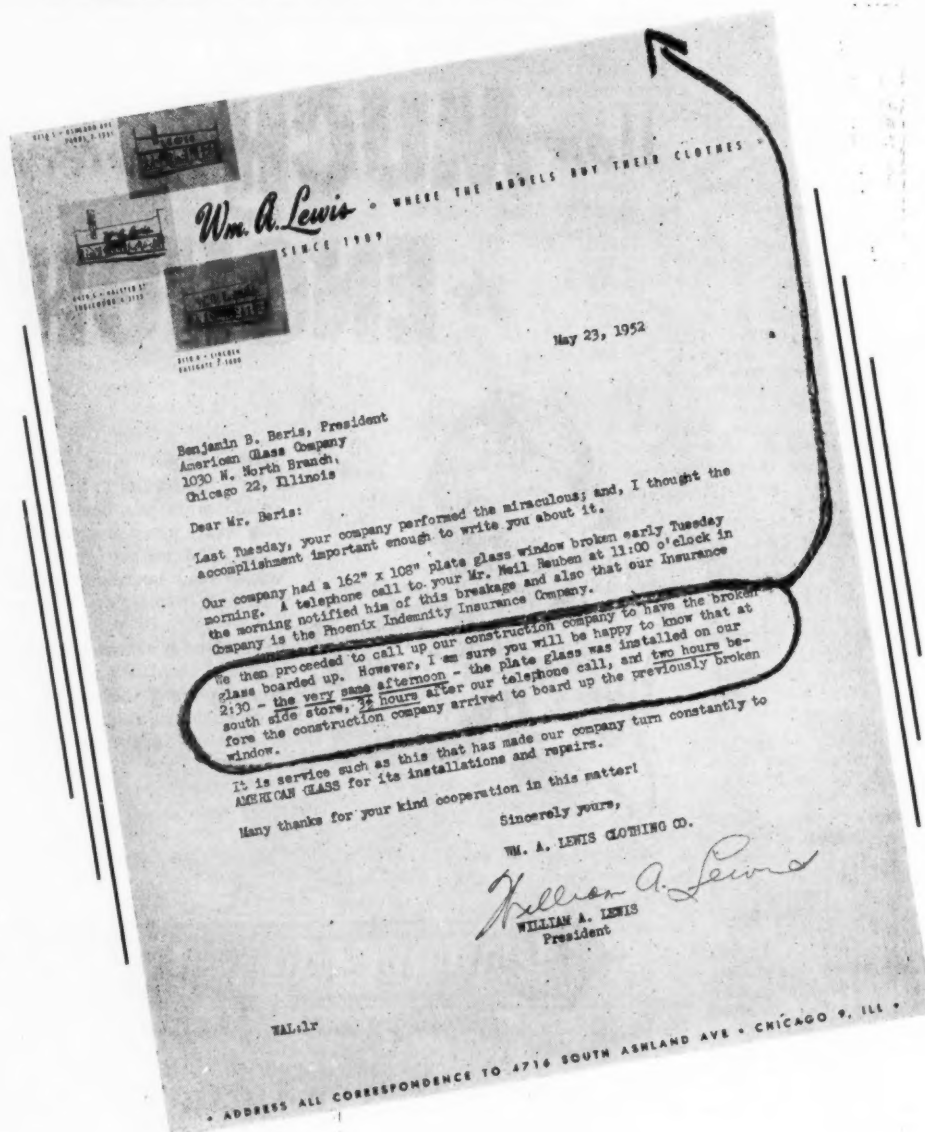
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## Casualty Interests Carry Strong Story for 5% Profit Factor

### Chicago N.A.I.C. Rally Told Business Is at Crossroads, Can't Attract Capital

A dignified but forceful and impressive appeal for National Assn. of Insurance Commissioners to endorse the principle of a 5% profit factor in casualty rate making was presented in behalf of the casualty business during the N.A.I.C. Chicago meeting Monday afternoon. The appearance was made before the casualty and surety committee headed by Crichton of West Virginia.

There was a large turnout for this session and the standing room was exhausted in the small ballroom in which the meeting was scheduled. Hence the group trekked down a flight to the grand ballroom of the Conrad Hilton hotel.

William Leslie, general manager of National Bureau of Casualty Underwriters, was skipper of the team from his organization that made the presentation and that consisted of Ellis Carson, president of National Surety; James Craits, president of Fireman's Fund; W. T. Harper, president of Maryland Casualty, and Victor Herd, executive vice-president of America Fore. Besides those speakers, John Diemand, president of North America, spoke up, as did James S. Van Vechten of Akron, president of National Assn. of Insurance Agents, and C. F. J. Harrington, executive vice-president of National Assn. of Casualty & Surety Agents.

Mr. Leslie in leading off simply referred to the 48-page memorandum submitted by National Bureau to N.A.I.C. under date of June 11 in support of the uniform provision of 5% for underwriting profit and contingencies for all kinds of insurance other than workmen's compensation for which the bureau acts as a rating organization and in reply to the report dated April 17 of the subcommittee of N.A.I.C. which favored a 3½% profit factor.

#### Bare Results to Public

Mr. Carson said that it is wholly admirable that insurance executives are no longer afraid to speak about the results of their companies. People may now know where the companies are heading.

National Surety, he remarked, entered the casualty business in 1945 and Mr. Carson said he became president two and one-half years ago. The premiums have increased during that period from \$10 million to \$30 million at Dec. 31, 1951. The writings have increased from 60% of policyholders' surplus to 115%. National Surety understood that it would have to finance a large increase in unearned premium reserve. However, the management went on the theory that it is impossible to get into the casualty business in a small way. It is necessary to go into it country-wide and on a practical basis. A large increase in capital was needed and that the management envisaged. But, he said, the management also envisaged that at the end of the growth period the company could begin to give the stockholders something. It cost National Surety \$8 million to get into the casualty business.

"Can I say to the employees," he asked, "that there is a stable and remunerative

(CONTINUED ON PAGE 27)

## N.A.I.C. Hears Debate on Excess of Loss Reporting

Extensively debated at an N.A.I.C. committee meeting at Chicago Sunday afternoon was the proposal of North America that premiums and losses under excess of loss reinsurance covers should be reported in a single line in the annual statement blank rather than being distributed by line of insurance.

John Phillips of North America said that his company intends to prepare its reports in this way and does not believe that N.A.I.C. enabling action is necessary. However, North America believes it is sounder to present the matter to the forum. Dividing the premium by lines is an arbitrary procedure, he said. He noted that the cover might be exhausted by loss from one line of insurance, and yet, under the practice of distributing the premium, a part of the premium would be credited to other lines.

#### Not New to Amrico

J. P. Gibson, Jr., of American Mutual Reinsurance, declared this is not an academic subject with Amrico because his company for 10 years has been reporting fire excess of loss experience under a single heading. Many of the 138 mutual companies that are retrocessionaires of Amrico also use the one-line entry. Hence in every state there are company statements reporting excess of loss experience in this way.

Amrico has now entered the casualty field and extension of the one-line reporting would be desirable.

Frank Marryott of Liberty Mutual said his company accepts retrocessions from Amrico and has been showing this in a single line entry. It would be impossible to handle it any other way so long as Liberty Mutual gets its figures from Amrico in a lump sum.

#### Says Distortion Would Result

J. G. Neiderlitz of Great American said the National Board committee has no objection to American Mutual Reinsurance or any other company reporting its business in this way, but it does strenuously object to setting up formally in the annual statement, a line designated excess of loss with all companies being compelled to report in that way. His committee, he said, believes that this kind of reporting creates a distortion of the net figures by lines of business in the annual statement.

If it is necessary to make an analysis to derive the proper figures such an analysis should be made. One group of reinsurers, he said, does make a separation of the premium under excess of loss covers, although this involves some estimation. If this practice is to be made applicable to excess of loss reinsurance, he asked where an end could be put to such simplified reporting. If extended to treaty reinsurance, the distortions would be especially bad, he contended. That would destroy all net figures by line of business.

A. S. Kuenkler of U.S.F. & G. expressed the belief that more consideration should be given to the effect that such a practice would have on the income tax. Also, he contended that this kind of reporting does not square with the requirements in connection with schedule P reserves.

#### Segregate For Own Information

Kar Blaise of Inter-Ocean Reinsurance said his company has had no difficulty in registering the premiums and losses under this type of contract, by line, and has been doing it for 27 years. Even if it should be made compulsory to use the single line entry, Inter-Ocean, he said, would continue to segregate the experience for its own pur-

poses. It will want to know whether it was being blown away or burned up. However, he said, he would not oppose the single line entry on an optional basis.

J. R. Glennon of the Illinois department wondered whether the single line entry would be suitable for casualty lines.

H. W. Yount of Liberty Mutual said Mr. Kuenkler previously had been advocating the elimination of schedule P from the statement blanks. He expressed surprise that Mr. Kuenkler would be using the archaic schedule P as an excuse for opposing the simplified handling of reinsurance.

Mr. Kuenkler replied that "if we were rid of schedule P my position would be different." However, he said, schedule P is still there and has to be reckoned with.

Joseph Collins of New York asked whether all reinsurance should be segregated, and Mr. Yount replied there would be considerable merit to such treatment.

#### Discuss North America Proposal

A related subject before the committee was the North America proposal for a five-year contingency loss reserve on excess of loss reinsurance.

Mr. Glennon asked the North America people whether they would still advocate such a loss reserve if the one line entry idea were rejected.

John Phillips of North America said that highly important is the question of federal income tax. He said that this subject has been discussed with the Internal Revenue Bureau and an IRB man said that they would not be opposed to looking into the matter.

J. Ray Berry, general counsel of National Board, said he is not surprised that someone at Internal Revenue Bureau declared that he would not be opposed to such a change. He declared IRB would like this as an excuse to change the whole tax law.

## N.A.I.C. Angered by Position of Military Brass

In a mood of frustration and indignation at the Defense Department's unyielding position and with some sharp digs at the motives of the top brass, the N.A.I.C. subcommittee on solicitation of life insurance at military bases this week at Chicago reported inability to make progress and asked that the committee be discharged. Day of Illinois was chairman.

Not only was the subcommittee unable to get the Defense Department to budge from its rule that an agent or company may solicit at a fully ceded military base if licensed in any state in the country, but Anna Rosenberg holds that the camp commander "must" permit solicitation under such circumstances. The N.A.I.C. committee wanted a rule requiring the insurer and agent to be licensed in the state in which the camp is located.

Southall of Kentucky, chairman of the unauthorized insurance committee, asserted that so long as "military brass" is put on the payroll of small insurers that go after military business, nothing can be done to stop free and easy solicitation of military personnel.

Laughlin of Nebraska said many of

(CONTINUED ON PAGE 28)

## Underwriting Loss Is 3.9% for N.Y. Licensed Insurers

### National Bureau Figures Substantiate Estimate of \$100 Million Combined Loss

Countrywide net casualty and surety premiums written by 215 stock insurers entered in New York amounted in 1951 to \$2,479,639,784 and produced an underwriting loss of 3.9%, according to National Bureau of Casualty Underwriters, which has completed compilation of the insurance expense exhibit.

Underwriting losses were incurred again on the four major casualty lines—automobile bodily injury and property damage liability, liability other than automobile, and workmen's compensation. For auto B. I. and P. D. L. combined, loss was \$87,564,570, substantiating earlier estimates of at least a \$100 million loss for all stock casualty insurers throughout the nation. For liability other than automobile the loss was \$18,470,406, and for W. C. \$16,092,228.

### General Accident Appoints Hannah N.Y. Counsel

R. W. Hannah has been named resident general counsel in the New York area by General Accident. He has been with Bankers Indemnity and Hartford Accident. He is president of Brooklyn Trial Lawyer's Assn. and vice-chairman of the insurance committee of Brooklyn Bar Assn.

### Warns of Federal Threat

Simon M. Sheldon, deputy commissioner of New Hampshire told the New England Assn. of Insurance Agents at Bretton Woods that the business is faced with widespread public dissatisfaction with rating procedures, a restricted market and a very imminent threat of state intrusion in the automobile insurance field.

He blamed classification rating plans for much of the difficulties. He said 74.6% of Maine and Vermont insured are in the lowest-rated class. Obviously many of them must be improperly classified.

### Revise O. Collision Rates

Automobile collision rates in Ohio have been revised by National Automobile Underwriters Assn. There is an average reduction for comprehensive on passenger cars of 7.6%. The \$50 deductible is decreased in some areas and increased in others, the net effect being a 3.4% average increase. Premiums on the \$100 deductible are down an average of 8.2%.

### Ohio Town Class Changes

Ohio Inspection Bureau has made the following town classification changes: McArthur, from 8 to 6; Richmond, Jefferson county, 9 to 7; Monroe Falls, 9 to 8; St. Clairsville, 8 to 6; Perrysville, 8½ to 6.

### Conn. Agents Choose Dates

Connecticut Assn. of Insurance Agents will hold its annual meeting at Hotel Taft, New Haven, Oct. 6-8.

## N.A.T.C. REPORT

## Lack of Uniformity in Life, A. &amp; H. Form Supervision Cited

A report on state supervision over A. & H. and life insurance policy forms was submitted to the N.A.I.C. interstate cooperation committee at the Chicago meeting Monday. The report was signed by Bohlinger of New York and the work on it was done by Max Sugat of the New York department.

This report tabulates and describes the requirements, activities and expenses of the insurance department in the regulation of A. & H. policies and life policy forms. Much of the data was collected by questionnaire but personal observation was made in 12 states.

"This report," it is stated in the preface, "demonstrates that there is simultaneously a low degree of uniformity and a high degree of duplication among the states in supervision of life and A. & H. policy forms. The waste resulting must be reflected in higher costs to policyholders — an expense which can hardly be justified in the majority of the states by the standards of current regulation."

A subsequent report will describe and analyze possible solutions to the problems that are mentioned.

## Don't Use A. &amp; H. Reports

Incidental reference is interesting to the effect that the so-called A. & H. policy experience exhibit is being used to practically no extent by the states. The companies have been required since June 30, 1929, to file annually their loss experience by policy form with each state. Considerable time was spent in drafting the supplemental exhibit, the report states, "but indications are that most states have made little or no use of the information supplied in this exhibit, nor have established any loss ratios as minimum standards."

## La. Gets Strict FR Act

A security type financial responsibility act has been passed by the Louisiana legislature and sent to Gov. Kennon for signature. Its provisions are similar to those of the stricter acts now in effect in many of the other states.

## New General Agency

Williams Insurance Agency in the Board of Trade building, Chicago, has been appointed general agent for National Surety and for Universal for automobile business. Roland L. Williams is the technical man in the agency. The production forces consist of John J. Chavanne and Morrie Galnick, his son Asher and his brother, Julius Galnick. The Galnick & Galnick organization has been associated with Mr. Chavanne for 15 years commencing at the Eliel & Loeb agency and then continuing with the Anchor agency and more recently with Schiff, Terhune & Co. Mr. Williams has been with Mr. Chavanne seven years, at Anchor and at Schiff, Terhune.

## Caretta Takes FTC Office

WASHINGTON—Albert A. Caretta, democrat of Virginia, has taken office as federal trade commissioner to fill the unexpired term of the late Commissioner Ayres, ending 1934.

J. E. Larson, Florida commissioner, was unable to attend the N.A.I.C. meeting at Chicago because he had to give depositions in the \$30 million damage suit against him and other defendants by Bankers Life & Casualty of Chicago. E. A. Faircloth sat in for Mr. Larson at Chicago. Zack Cravey of Georgia, who is a fellow defendant, in this case also was absent from the Chicago gathering.

## O.L.&amp;T. Rate Increases Made in Many States

National Bureau of Casualty Underwriters announces revisions of B.I. liability rates for a large number of important O.L.&T. classifications effective June 23, in Alabama, Arizona, California, Connecticut, Delaware, District of Columbia, Florida, Idaho, Illinois, Maine, Massachusetts, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Oklahoma, South Dakota, Utah, Vermont and Wyoming. The revisions are the result of a review of recent experience.

The classifications affected are those rated on an area and frontage basis, including stores, hotels, churches, hospitals, clubs, restaurants, apartments and tenements, boarding or rooming houses and mercantile and office buildings. The changes reflect as far as possible the experience incurred for each rate territory in these states.

The average percentage increase in each state for all classifications affected by the revision is: Alabama 26.8; Arizona 29.8; California 32.5; Connecticut 45.8; Delaware 9.8; Dist. of Columbia 50.0; Florida 50.0; Idaho 50.0; Illinois 15.7; Maine 5.8; Massachusetts 25.8; Missouri 33.6; Montana 6.7; Nebraska 18.0; Nevada 48.2; New Hampshire 39.6; New Mexico 10.0; North Dakota 25.5; Oklahoma 24.0; South Dakota 13.3; Utah 31.5; Vermont 25.0; Wyoming 21.3.

The rates were last revised in 1931 in most of these states. Detailed experience which has become available since that time has been supplemented by current cost factors in an effort to produce rates which will be adequate under current conditions. However, these rates will prove to be adequate in the future only if there is a leveling off of the adverse trend brought on by inflation, the bureau states.

Alaska, Georgia, Maryland, Michigan and Washington have also been given rate hikes. The average percentage increase in each state for all classifications affected by the revision is: Alaska 29.1%; Georgia 42.4; Maryland 50.0; Michigan 33.3; Washington 29.1.

## May Meet on Government Pay of Products Cover

WASHINGTON—The insurance advisory board of the defense department may hold a summer meeting with insurance representatives interested in products liability on aviation manufacturers producing planes for the government. The aviation business has asked the government for reimbursement for the premiums for such insurance.

At the outset of defense production the government is said to have agreed to reimburse aircraft manufacturers for the cover, and then stopped doing so. Manufacturers proposed the government pay for any product liability claim or judgment. This the government declined to do. The discussion presumably would be to further the manufacturers' desire to get the cost of products defrayed, one way or another.

The rate for products cover on the manufacturers' production for the government is considerably lower than that on civilian production.

## Can Use Any Dentist

Attorney General Goldstein of New York has ruled that a dental group insurance plan which limits insured's choice of dentist to those under contract to the insurer is contrary to New York law. The law authorizes the performance of an insurance business and not the practice of dentistry by an insurer, the attorney general ruled in an opinion asked by the insurance department.

Harry A. Pierce, local agent at Jacksonville, Fla., has been elected chairman of Duval county civil service board. He has been on the board since its establishment in 1932.

## Nat'l Union Makes Several Pacific Coast Promotions, Office Space Is Enlarged

The Pacific department of National Union Fire has made several staff appointments and has increased its office space by occupying another floor of the American International building at San Francisco.

Hal A. McGuirk has been appointed manager of the city department and supervisor of the engineering department at San Francisco. He will be assisted in the latter position by William P. Sovinsky, an engineer at San Francisco for several months.

Bert W. Coyle becomes superintendent of agents in the Pacific department. He has been Oregon state agent.

George M. Rolander, formerly at Spokane, has been transferred to Portland, Ore., as state agent and will be assisted in that field by State Agent Kermit A. Anderson. Richard J. Waters, formerly with the Oregon Rating Bureau at Portland, replaces Mr. Rolander as Spokane special agent.

## National Board Is Closing Its Detroit Field Office

The National Board on June 27 is closing its Detroit field office that was opened in July of 1931. Proofs of loss will go direct to the companies or field men in the future without review by the board office. D. B. Sherwood, general adjuster, has been in charge. The office was opened by Gordon Ingibritson, who resigned a few months ago to go with an independent adjusting firm.

## Cathcart Is New M.L.G. of Iowa Blue Goose

C. S. Cathcart, Home, was elected most loyal gander of Iowa Blue Goose at its annual meeting at Spirit Lake. He replaces R. W. Dunker, Glens Falls.

T. R. McDonald, Hartford Fire, was named supervisor; R. H. Stuhman, Northern Assurance, custodian; O. E. Hartman, Springfield F. & M., guardian; W. Darby Miller, American, keeper, and E. R. Meyers, Underwriters Adjusting, welder.

L. K. Taylor, Commercial Union, Kansas City, deputy most loyal grand gander, spoke following initiation of 22 goslings.

## Monroe in Agency Post

R. Donald Monroe has been appointed secretary-treasurer and office manager of the Cantwell & Bromley agency at Utica, N. Y. He formerly was office manager and chief underwriter for Manufacturers Casualty at Syracuse.

## Marow to Local Agency

T. Arthur Marow, state agent in Illinois for National Fire, is joining the C. J. Lauer agency at Des Plaines, Ill., as an associate. Mr. Marow is a graduate of Illinois Tech and previously had been with Illinois Inspection Bureau and in the field for Fireman's Fund.

Because of ill health, Charles C. Felts, president and manager of Druggists Mutual of Mansfield, O., called a special meeting of the board to tender his resignation as manager effective July 31. He retains the title of president.

Mr. Felts joined Druggists Mutual in 1917 as a field man for Indiana and later was transferred to Michigan. In 1933 he was elected secretary and manager, and has served as president and manager since 1947.

L. H. Jones, secretary of the company, was elected manager to succeed Mr. Felts.

Pacific Coast Fire Loss Assn. at a meeting at San Francisco heard a talk by George Magee, chief of the Santa Rosa fire department.

## EWING DEALT OUT

## Senate Passes Amended SS Bill

WASHINGTON — The Senate finance committee has recommended passage of the Doughton social security bill with amendments which would (1) delete section 3 of the bill relating to the freezing of benefit rights for permanent and total disability; (2) increase from \$50 to \$100 per month the amount of earnings by OASI beneficiaries, as compared to the House-proposed increase to \$70 per month, without forfeiting benefits; and (3) delete section 6 liberalizing coverage of certain employees under state and local governmental retirement systems.

The finance committee decided on this course rather than recommend streamlined action on the Doughton bill "as is." Chairman George said he expected prompt Senate passage.

Deleted from the measure are controversial provisions relating to computation of benefit rights of permanent and totally disabled claimants, which many considered an opening wedge for the administration's socialized medicine program.

The bill would increase benefits to about 4,500,000 persons on the OASI roll by \$5 per month or 12½%, whichever is greater, also by similar amount to workers retiring in future.

The bill is described by its critics as almost identical with H.R. 7922 proposed by Rep. Reed, New York, as a substitute for the original Doughton bill.

Senator McFarland, Arizona, majority floor leader, has indicated he will offer, as an amendment on the floor, a proposal for \$5 per month increase in benefit payments to the totally disabled and others under public assistance programs.

The finance committee considered a similar proposal, but took no action on it. However, favorable Senate action on it is expected by insurance observers. They expect House acceptance of the amended Senate bill.

## American Accident Table Revision Well Under Way

The N. A. I. C. workmen's compensation committee held a brief meeting at Chicago Tuesday afternoon, with Day of Illinois presiding. H. F. Richards, general manager of National Council on Compensation Insurance, reported that an enormous amount of work has gone into the task of revising the American Accident Table, but there is still a great deal of work to be done. The part to come involves extensive tabulating work and analysis and interpretation of the data when they have been tabulated. This will require the attention of specialists, including the special subcommittee of departmental technicians and industry people. The American Accident table comes into play especially in evaluating the effect of workmen's compensation law amendments. It covers a wealth of matters, such as the incidence of death cases related to the varying degrees of dependency, etc.

## Stewart to Detroit Agency

James C. Stewart has joined the Willette & Hughes agency at Detroit as vice-president and general manager. He also has been made a member of the firm.

Mr. Stewart has been with Hartford Accident for 17 years, most recently as manager at Detroit. Following his military discharge, he served for a while as assistant director of the Hartford training center at the home office.

Tom Baker, who was formerly vice-president of Utilities of St. Louis and who had been with Marsh & McLennan there for the past several months, had to resign because of the condition of his health.

## Equity Again Specified

Opposition to the suggestion to require special group A. & H. Smith of E. Smith & Co. committee heard N.A.I.C. Chicago.

The idea was advanced at a meeting by Hancock. A committee this, with chairman.

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## Equitable Argues Against Group A.&H. Special Reserves

Opposition on several important points to the suggestion that the commissioners require special contingency reserves for group A. & H. was voiced by J. Henry Smith of Equitable Society at a committee hearing on that subject at the N.A.I.C. Chicago convention.

The idea that such reserves be set up was advanced at the last N.A.I.C. meeting by Victor A. Lutnicki of John Hancock. A subcommittee of the life committee was organized to deal with this, with Bohlinger of New York as chairman. Mr. Bohlinger indicated that the question of the meeting that the casualty and specialty companies also.

Albert Pike of Life Insurance Assn. said the Life companies feel that if reserves are demanded on group A. & H. they should be required in such a way as not to put the life companies in a competitive disadvantage with the casualty and specialty writers, and Blue Cross, and should be required, therefore, of all companies, and additionally, there should be a statement as to how the reserves could be drawn down.

Asked by Mr. Bohlinger if the life companies want a law of this nature, Mr. Pike answered that he doesn't know, there has been no expression on that.

### Warns of "Near Chaos"

Mr. Smith then said that his company expects group A. & H. to contribute to the surplus, as should any line, but the question is whether the states should regulate it. There might be "near chaos" in the management of some companies if the law were passed, he warned, saying that there are many factors involved, including the status of the line at the beginning of the year, the history of the line, the strain on surplus involved in getting new business, and the current status of the claim ratio for the line in question. In the light of those factors, Mr. Smith asked how a rule could be laid down as to how part of the surplus should be earmarked.

Where would such a practice stop? he queried. If it is appropriate for group A. & H., why not personal A. & H., family policies, etc? Logically, it would be carried to every line until the surplus was almost all earmarked away. Then if the company got in a jam in any one line, to what extent could it draw on surplus? Mr. Smith said he feels that legally the departments could not prevent a company from using any part of surplus it wants to satisfy needs.

The problem of handling new business is one of the big reasons why surplus in the group A. & H. department has not grown in recent years, he explained. First year costs are high. Equitable found after a breakdown of the gain and loss exhibit for group hospital, surgical and medical expense that 1951 renewals showed a 2% gain, but the new business cost 16%, and there was a 1.7% loss on the line. The tremendous increase in premiums has held back surplus gains, he said. In 1950, the company was 5% ahead on renewal business, but new business cost 25% of premium income.

### Fictitious Statement

Requiring contingency reserves on group A. & H. would result in an annual statement that would at least in part be fictitious, he declared.

Mr. Bohlinger asked Mr. Smith for his definition of a contingency reserve, and got the answer that it is "the money in the bank against a rainy day" and, insofar as the Equitable is concerned, surplus and contingency reserve are more or less the same.

Frank H. Meyer of General American Life said that under the Missouri rules, group life reserves are treated as a liability and are not in the surplus. From the standpoint of the

power of the state officials, their authority would only apply if the money is a liability and not a part of surplus.

The meeting started 40 minutes late before a full room. Mr. Bohlinger was tardy, and then he had to wait 15 minutes before another state on the subcommittee could be located. Finally, Roy Atwell of Michigan was rounded up and made to sit through the proceedings.

## Bankers Seek to Reduce Embezzlements

In order to effect better control and thus reduce bank embezzlements, New York State Bankers Assn. at its annual convention in Springlake, N. J., announced an accounting program for banks in which representative accountants over the state would be trained so that bank examinations would actually become bank audits. The plan was announced by William T. Taylor, vice-president of Bankers Trust Co. of New York and president of the association.

The proposal has been discussed for some time, and at one of the early conferences officials of the association, ac-

countants and Surety Assn. of America, represented by Martin Lewis, general manager, William Zimmermann and David Porter, participated.

A bank auditing procedure would be established which all of the banks in the state might adopt, large and small. Accountants then would have men trained in the procedure so that when they go into a bank to make an examination they could furnish a real audit, including verification, etc. Bank accountants will have to work out the program, and there would have to be cooperation by enough accountants over the state so that an accountant trained in the program would be available to all banks that adopt the accounting program.

It is said that some larger bank members of some state associations have adopted the policy of sending qualified men to the smaller banks of their states to set up auditing systems, in an effort to reduce embezzlements.

The John Barrett agency at Pittsburgh, Kan., operated the past four years by Mrs. Helen Schasteen, has been purchased by the Cooper Real Estate Co.

J. R. Wassell of Okanogan, Wash., has sold his local agency to L. D. Gould of that city.

## Seek to Educate Jurors on Proper Liability Verdicts

Spokane Chamber of Commerce has a committee which is studying the problem of attempting to educate jurors regarding proper liability verdicts. Bill Burch, J. E. McGovern-Carroll Co., a member of the committee, spoke at a recent meeting of Spokane Insurance Assn. He said the committee was concerned with what action could be taken to discourage excessive awards and asked for suggestions.

A general program of public education regarding the effect of excessive verdicts was suggested as one approach to the problem. In this way, prospective jurors would have a better background for judging awards on the basis of the values involved rather than being influenced by the amount of money or insurance they believe a claimant has.

At the same meeting, Dick Hunner, Anthony, Baker & Burns, spoke on mutual vs. stock company competition.

Seldon E. Brown, director of insurance and workmen's compensation of Associated Industries of Missouri, gave a talk on automobile casualty insurance at a luncheon meeting of St. Louis Insured Members Conference Tuesday.

## chances his widow will call

Your general insurance clients call you any time something happens. You are on the spot with helpful service and a claim draft.

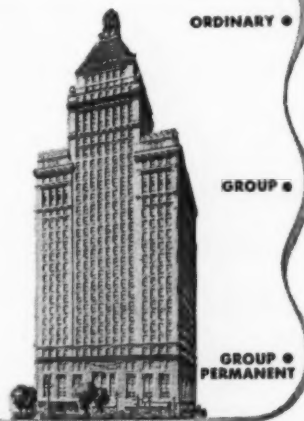
Depending upon you in time of need becomes a fixed habit.

Along that line, let's consider the chances of a client age 35 over the next 20 years:

Chance of fire ... 1-20  
Chance of burglary ... 1-16  
Chance of death ... 1-6

Should husband-client die, what would be more natural than for widow to call you? We can put you in a position to say what she will want to hear ... for we have been working with general insurance agencies for forty years.

WANT OUR WHOLE STORY?



### Continental Assurance Company

310 S. Michigan Ave., Chicago 4

Associates:



Continental Casualty Company  
Transportation Insurance Company

**P.S.** Continental has no "double standards."  
You get same deal, same contracts, as "regulars."

## Explains Auto Cover Setup in N. J.

Henry S. Moser, general counsel of Allstate, explained the workings of New Jersey's unsatisfied judgment fund at a meeting of the state's joint legislative committee on financial responsibility laws. In attendance were officials of New York, Delaware and Maryland, headed by Senator Hults, Jr., New York, Harry P. Jones, Delaware director of financial responsibility, and George W. Della, president of the Maryland senate.

This was ticketed an educational session, and was asked by Wisconsin officials, but they were unable to attend because of appropriation difficulties.

License fees of \$1 from insured motor vehicle owners and \$3 from those without insurance, plus one half of 1% on earned bodily injury and property damage liability premiums in the state will produce about \$2,200,000 for the fund to start. At the end of its first year of operation, 1954, Mr. Moser estimated there would be \$1 million in the fund.

### Wants Public Representative

Assemblyman Thomas of New Jersey objected to the fact that four of the five-man board set up to administer the fund are insurance company representatives. The other one is the state treasurer. Mr. Moser replied that the objective is to have no political tinge in administration of the fund. He said the board's work would be largely clerical since claims of more than \$1,000 will have to be passed on by a court. Mr. Thomas said he felt the board should contain at least one public member.

Since judgments against uninsured motorists which are paid off by the fund remain in force, and such motorists cannot drive again until they reimburse the fund, the \$3 paid by uninsured motorists does not constitute a cheap form of coverage, Mr. Moser said. He

stressed the fact the plan is superior to compulsory insurance in several respects but especially since it gives greater protection to pedestrians injured in traffic accidents.

## Viehmnn Loses Court Fight Against World L. & A.

The Wayne county circuit court at Richmond, Ind., has held that World Life & Accident of Richmond is not insolvent under the 1897 assessment act. Commissioner Viehmnn has been seeking for some time to place this company in receivership. He alleged its regular policy has been to scale down A. & H. claims. The state will probably appeal to the supreme court.

## Await Bids in S.C. on School Buses Under New Law

Gov. Byrnes of South Carolina has signed a bill which provides for passenger cover and B.I. and P.D.L. on state-owned school buses. There is required death benefit passenger coverage in the amount of \$2,000, medical payments of \$3,000, B.I. in \$5,000/\$25,000 limits and \$5,000 P.D.L. Bids on the insurance are to be taken by state budget and control board and the premiums will be paid from the appropriation for school pupil transportation.

## MacLennan to Agency Post

M. C. MacLennan, formerly safety engineer in Oregon and Northern California, for General Casualty of Washington has been appointed manager of the newly-established safety engineering department of the Jewett, Barton, Leavy & Kern agency at Portland.

Before going with General Casualty, Mr. MacLennan was safety representative for the state of Oregon for seven years.

## Porritt Retiring Travelers Ad Post

Longshaw K. Porritt, associate manager of the public information and advertising department of Travelers, is retiring, on advice of his physician, after more than 33 years with the organization.

Mr. Porritt joined The Travelers in 1919 following war service and has been active in many kinds of publicity, advertising and public relations work. For 25 years he was Editor of "Protection," the Travelers magazine for agents.

Mr. Porritt originated and developed the medical payments provision of public liability insurance. This provision aids the public relations of casualty insurance by eliminating friction on claim settlements involving guests and members of families of policyholders, as well as resulting in a material premium volume.

## Blue Cross Contingency Reserves Are Questioned

The hot, crowded conditions in the meeting room of the Blue Cross-Blue Shield subcommittee were conducive to a snappy session Monday morning, and the agenda was handled with dispatch. Crichton of West Virginia presided.

Contingency reserves of Blue Cross plans were the main topic, the New York department being concerned with this. Charles Dubuar said there is a feeling that claim reserves may be "a little low," while the contingency reserves, he thinks, are incorrectly set up and probably inadequate.

Reading some figures the department has prepared, Mr. Dubuar noted that all fire and casualty entered in New York had total capital and surplus equal to two years' losses. The mutual companies had contingency reserves equal to 65% of one year's losses. In 1950, he reported, 43% of the Blue Cross plans had a contingency reserve of less than 15% of one year's losses, and 53% had a reserve of less than 20% of one year's losses.

### Question of Ratio

The question, he observed, is whether some minimum surplus ratio ought to be recommended. Mr. Crichton read the N.A.I.C. recommendations of 1944 and 1945 stating that the reserve of Blue Cross should be equal to five months of utilization costs, with four months a danger signal and six months a point possibly calling for an increase in benefits. That is an ideal rule, Mr. Dubuar said, but it is not lived up to, and it is of no help in those states not regulating Blue Cross.

Abraham Oseroff, treasurer of Health Service, Inc., asked to comment, said there is no disagreement on the part of Blue Cross with that rule, or with any N.A.I.C. action, but he reminded the committee that the commission has set up standards for the various Blue Cross plans, and they are "not minimum either."

### Maternity Benefits Role

William C. Gould of the New York department commented that the time has come when the Blue Cross plans, as insurers and on their own, should study, for example, what part deferred maternity benefits play in the plans' finances. Deferred maternity reserves are a liability, he contended, and not a part of contingency reserves. The New York department is going into this matter, he said. The problem is what the contingency reserve should consist of.

At the outset of the meeting, Mr. Crichton asked Mr. Oseroff to comment on the status of Health Service, Inc., and the Blue Shield enrollment plan. He said that Health Service is continuing its cooperation and integration with the Blue Cross, and good progress is being made.

Questioned about the boundaries of liability of Health Service and Blue Cross, he said that where the local Blue Cross picks up the coverage they issue the primary contract. Where Health Service has any liability, proper reserves will be maintained. Health Service operates as an excess company, he explained.

An analysis of legislation governing Blue Cross and Blue Shield in the 40 states having express statutes on this subject was presented. There is no pattern to the legislation. There are some wide differences in laws, but generally it is a matter of degree.

## Compulsory Air Liability Is Topic of N.A.I.C. Committee

The liaison committee of N.A.I.C. held a meeting at Chicago Sunday morning despite the fact that Larson of Florida, the chairman, was not present. The question was discussed of whether the state supervisor should take a position in connection with the proposed regulation of civil aeronautics board for compulsory passenger insurance and B.I. liability and P.D.L. for air carriers.

Bohlinger, New York superintendent, expressed the belief that this was not a proper sphere for the states to take action. However, E. A. Meyers of the Chicago law firm of Meyers & Matthias argued that the states should take a position against this proposed regulation.

### Confer on Defense Group Cover

WASHINGTON—Guy Warfield, Baltimore, former president of National Assn. of Insurance Agents, with other members of a committee representing agencies, conferred with Defense Department insurance director Kane regarding group insurance plans in connection with defense contracts and contractors.

Agents' commissions are involved, it is understood. Under the group plan, which would be tied up with the defense projects rating plan, the government, in general, pays insurance costs of contractors. Since commissions are part of such costs, the department is interested in commission problems.

### Set Chicago Fraud Trial Date

Sept. 22 has been set as the date by Federal Judge LaBay at Chicago for trial of three men accused of collecting \$15,000 in fake accident insurance claims. The men are Maxwell Riffkind, a milkman; Dr. Sherman E. Kaplitz, a physician, and Abraham A. Browne, an attorney. They are charged with having collected, under various aliases, money from 22 insurance companies between October, 1948, and July, 1951.

Specifically, Riffkind is charged with mail fraud, Kaplitz with falsifying injury reports and Browne with representing Riffkind before insurance companies, although he allegedly knew the claims were fraudulent.

### Publish Cushman, Reybold Talks

Surety Assn. of America has published a pamphlet entitled "The Wunderlich Case," this being the text of the address of Edward H. Cushman, Philadelphia attorney, at the annual meeting of National Assn. of Surety Bond Producers. Mr. Cushman's analysis of the case and its ramifications is of timely interest, since several bills are under consideration in Congress to change the decision.

The association has reprinted another address given at the bond producers' meeting, that of Lt. Gen. Eugene Reybold, executive vice-president of American Road Builders Assn., on "The Highway Construction Industry and Its Surety Relationship."

Copies of both pamphlets may be obtained without charge from the educational department of the association at 60 John street, New York 38, N. Y.

The Michigan department has licensed for automobile only Olympic of Los Angeles.

## Kinne Su as Trave

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W. D. Corbin

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## CHANGES IN CASUALTY FIELD

### Kinne Succeeds Cornwell as Travelers Albany Chief

William D. Cornwell has retired as Travelers Indemnity manager at Albany, N. Y., and is being succeeded by Remsen Kinne, Jr.

Mr. Cornwell is retiring on the advice of his physician. He joined Travelers



W. D. Cornwell



Remsen Kinne, Jr.

in 1926, and later served as casualty field supervisor at Boston, Hartford and Albany. He was promoted to assistant manager at Albany in 1930 and manager in 1940. He began his insurance career as an agent at Middleburg, N. Y.

Mr. Kinne went with Travelers in 1935 and after completing the home office training school the following year was appointed field supervisor at Albany. He was promoted to assistant manager there in 1943.

### National Surety Names Three in Midwest Shifts

National Surety has named Horace Stevens, formerly manager at New Haven, manager at Detroit, replacing Robert T. Schaller, who recently resigned. Edgar L. Henry, formerly manager at Akron, becomes manager at New Haven.

Richard W. Ashbridge is being promoted from special agent in Akron to manager of that office under the direction of Calvin A. Soriero, state manager for Ohio.

### Eller Personnel Director

Roman Eller, who has been claims counsel for Mutual Service Insurance Companies of St. Paul, has now been promoted to director of personnel. He started with the organization in 1941 as claim adjuster after graduating from University of Wisconsin law school. He has been there since except for three years in uniform.

### W. J. Donovan Resigns

W. J. Donovan has resigned his position as head office sales representative of Manufacturers & Merchants Indemnity of Cincinnati. He was formerly with Royal Indemnity for a number of years at Chicago and then in Michigan and he went with M. & M. Indemnity as a branch manager in Michigan before going to the head office.

### Westbrook San Angelo Head

I. O. Westbrook has been appointed manager at San Angelo, Tex., for Insurers Indemnity of Tulsa. He has been for five years a partner in the Hughes & Westbrook agency of San Angelo.

### Names Emerson, Vannatta

Hartford Accident has appointed John F. Emerson superintendent of the special risk department at Los Angeles and has named Clyde E. Vannatta special agent at Boise, Ida.

Mr. Emerson started with the company in 1929 and has been in charge

of the experience rating division at San Francisco since it was organized in 1932.

Mr. Vannatta has been in the casualty division at San Francisco.

### United Pacific Promotions

Frank X. McCormick has been appointed supervisor of California claims at the head office of United Pacific. He started with the company in 1945 as adjuster at Seattle.

A. E. Phillippay has been assigned underwriting duties at Portland, Ore., and is succeeded as branch claims manager there by Edward Boyle.

### Wheeler Leaves Century at Buffalo

BUFFALO—C. R. Wheeler, who has been manager of Century Indemnity here for the past eight years, has re-

signed. He was active in the promotion of the four Buffalo Insurance Days and was general chairman in 1951. Mr. Wheeler had also been one of the organizers of the new Insurance Club of Buffalo.

Ellis P. Schmidt, formerly vice-president of Dawson & Feek of Seattle has joined LaBow, Haynes Co. there as head of the surety department.

## COMPENSATION

### Cut W.C. Rates in N.D. 5%. Abandon Discount Plan

North Dakota Workmen's Compensation Bureau has reduced insurance rates 5% and has discontinued the sliding scale discount plan whereby employers receive discounts up to 35% depending on the number of years they have been covered under the program.

The bureau is continuing its merit rating system under which an employer is allowed a discount of up to 40% for a low accident rate. With the 5% reduction, workmen's compensation rates are now the lowest in the history of the bureau, even though benefits have been increased over the past 10 years.

### Withdraw W.C. Bills in La.

Several bills to liberalize and other-

wise amend the Louisiana workmen's compensation laws have been withdrawn from the Louisiana house by their sponsor.

One of the proposals would have increased medical, surgical and hospital services in compensation cases to \$2,000. Another would have increased benefits for permanent total disability to 65% of wages for life.

### Set Tex. W.C. Rate Hearing

The Texas department has scheduled a conference at Austin July 9 to consider the reported seriousness of workmen's compensation rate inadequacies due to excessive current loss ratios.

Matters to be considered include a proposal by National Council on Compensation Insurance that rates be increased 9.8%, and a proposal that the department secure the experience of the latest policy year along with all other data which will have a bearing on rate requirements and promulgate a revised rate schedule by classification.

Also to be considered are possible ways and means of developing a voluntary assigned risk plan or pool for those employers who find it difficult to secure coverage.

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- ✓ **COMPREHENSIVE PERSONAL LIABILITY**  
Premises—Vacation Activities.
- ✓ **PERSONAL ACCIDENT**  
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## ACCIDENT AND HEALTH

### Sterling of Chicago Holds Four Day Agents' Meet

The Sterling of Chicago held its annual agents meeting last week at Highland Park, Ill. General agents from all the states in which Sterling is entered, convened for four days to hear plans for the coming year.

In an informal talk, Louis A. Breskin, president, reviewed the company's claim and lapse ratio. General agents were shown the way to financial success through selling and conservation. Mr. Breskin said: "Our company is a department store. We have something for every person and for every pocket-book. Don't become a specialist! Push every policy we have, and see that all your customers are covered for everything they need."

### Charge M.D. Padded Claims

ST. PAUL—Group Health Mutual of St. Paul has had Dr. George F. Engstrom of Belgrade, Minn., arrested on charges that he bilked the company out of \$15,000 by padding claims.

The company contends that Dr. Engstrom, the only physician at Belgrade, would have patients sign blank forms when they came to him for treatment and also assign the benefits to be paid to him directly. It was charged Dr. Engstrom would list hospitalization or surgical services which actually never were given to the patient.

### Discuss New Hospital Plan

James E. Powell, vice-president of Provident Life & Accident, addressed a luncheon meeting of Columbus (O.) Assn. of A. & H. Underwriters on the new plan of admittance to Columbus hospitals by residents who are insured under individual policies. Also speaking

on this subject were James Williams of Chicago, assistant director of H. & A. Underwriters Conference, and Delbert Pugh, executive secretary of Columbus Hospital Foundation. The newly elected officers were installed.

### Long, Delahunty Named

D. C. Long has been elected vice-president in charge of association sales of All-American Casualty of Chicago. G. T. Delahunty was named vice-president and manager in charge of underwriting and claims. There was 65% shareholder representation at the annual meeting at which President M. A. Kern outlined plans for expansion.

### Orwigh to Indiana Helm

Indiana Assn. of A. & H. Underwriters has elected Spafford Orwigh, local agent at Indianapolis, president. N. E. Sappenfield, Central Standard Life, is vice-president, and Robert Berry, Hoosier Casualty, secretary.

The association is planning to sponsor a disability insurance sales course at Purdue University, Sept. 15-20.

### Lamme Is Dayton Chief

H. R. Lamme, Mutual Benefit Life, has been elected president of Dayton Assn. of A. & H. Underwriters. Arthur M. Cox, Inter-Ocean, was named vice-president, and Spottswood Duke, Ohio State Life, secretary.

The meeting was attended by William A. Knight, Cleveland, president of the Ohio association.

### Comes Back from Lunch

The teller at Chemical Bank & Trust Co. in Brooklyn who went out to lunch last January 29 with \$38,000, and did not return, is reported to have been picked

up in Los Angeles by the F.B.I. He had more than \$7,000 of the money on him and indicated there was \$22,000 more that had not been spent.

### H. P. Hupp Heads Casualty Managers Club of Cincinnati

CINCINNATI—Assn. of Casualty & Surety Managers of Cincinnati has elected H. P. Hupp, U.S.F.&G., president, to succeed R. F. Lloyd, Hartford Accident, who becomes a director. E. C. Schoumacher, Maryland Casualty, succeeds Mr. Hupp as vice-president, and J. H. Baker, American Surety, continues as secretary. The elections were held at the annual meeting at Highland Country Club.

Golf honors for the day went to Mr. Lloyd, C. T. Baumgartner, Hartford Accident, L. E. Dangelmeier, American Surety, and W. G. Arnold, Standard Accident.

### Animal Collision May Be Included in Nebraska

The Nebraska department has notified companies that the rule that farmers comprehensive personal liability policy must be endorsed to eliminate animal collision is no longer in force. Policies now outstanding may be endorsed to include the animal collision coverage, and the rate is \$1 per policy.

### Nagel Is Ohio President

Ohio Assn. of Casualty & Surety Managers has elected B. C. Nagel, Glens Falls Indemnity, president; Clinton L. Templeton, Royal-Liverpool, and Robert F. Lloyd, Hartford Accident, vice-presidents, and Orland W. Ross, U. S. F. & G. secretary.

### Start 5th Farm Bureau Office

Construction has been started at Raleigh, N. C., of a building to house the fifth regional office of the Farm Bureau companies. The 1½ story structure, to be completed in November, will house an office force of nearly 200. A. T. McCarter is regional manager.

### Mission Indemnity Is Ready

LOS ANGELES—Mission Indemnity of Pasadena has been granted a certificate of authority to transact automobile insurance in California. The company is a new one, with Sewall Brown as president.

### Form Eureka Kan., Board

Eureka, Kan., Insurance Board has been organized there with Pat McCue as president. W. E. Sears is vice-president and Hugh S. Dennis, secretary.

### Riley to Open Agency

Jack Riley, manager for Western Adjustment at North Kansas City, Mo., has resigned effective July 1, 1952, and will open his own insurance and real estate agency there in the Peoples building. Mr. Riley joined Western at Kansas City in 1945 and was later transferred to Emporia, Kan. He opened the North Kansas City branch in 1949.

### Wind Damage in Ky.

LOUISVILLE, KY.—A 40-mile or better wind and electrical storm last Friday caused considerable damage in Louisville, and Jefferson Counties in Kentucky, and in southern Indiana, in Floyd and Clark counties, where a number of buildings were unroofed and cars smashed by falling trees. Heavy hail was reported in the vicinity of West Point, Ky.

William R. Kersten, who has been with Zurich in the underwriting department, has joined the Van Schaack & Co. agency of Denver. Mr. Kersten previously was with the Fraser agency of Denver and for five years was in the educational department of Lumbermen's Mutual Casualty.

### Two Texas Insurers Merge to Form General American

General American Casualty, a capital stock company, has been formed at San Antonio, through the merging of Alamo Casualty and General Lloyds. C. B. Erwin, president of the two companies, has announced the purchase of the Gilcrease building (also known as the Casino Building) for a home office.

The company now operates in Mississippi, Louisiana, Tennessee, Texas, and New Mexico, and writes windstorm, extended coverage, fire, automobile, workmen's compensation, and A. & H.

Assets of the new company are \$4,421,048, with capital and surplus at \$1,491,793, and with contingency reserves of \$241,793.

### Gooch President Elect of International Counsel

New officers elected at the annual meeting of International Assn. of Insurance Counsel are: President, Alvin R. Christovich, New Orleans; president-elect, J. A. Gooch, Ft. Worth; vice-presidents, Thomas N. Phelan, Toronto, and Elmer B. McCahan, Jr., U.S.F.&G., and treasurer, Charles E. Pledger, Jr., Washington, D. C. The three new members of the executive committee are John H. Anderson, Jr., Raleigh, N. C.; Edward B. Raub, Jr., Indianapolis and G. Arthur Blanchet, New York City.

About 650, regarded as a big crowd, attended, and were rewarded with excellent weather.

### Assn. Puts \$2 Million in Traffic Safety in 10 Years

NEW YORK—Close to \$2,135,000 has been expended by the Assn. of Casualty & Surety Companies since 1942 to reduce the toll of traffic accidents, according to J. Dewey Dorsett, general manager.

Approximately \$925,000 has been contributed in the 10-year period through 1951 to aid activities of nearly a score of organizations working for greater highway safety. In addition the association has spent a similar sum during the same period through its own accident prevention department. With appropriations totaling \$210,000 which have already been made in 1952 included, Mr. Dorsett said the Association's aid to organizations carrying on significant highway safety programs since 1942 exceeds \$1,135,000. Mr. Dorsett said an overall expenditure of close to \$1 million for association safety projects to date since 1942 represents the cooperative effort of its 110 member companies over and above their own individual contributions to traffic safety.

### Sponsors Safety Meeting

Executives in business and industry were invited to attend a conference on health and safety programs this week in New York City, sponsored by the J. S. Frelinghuysen Corp., insurance brokers, and its affiliate, the H. E. Bilkey Corp. was under the direction of Dr. Rose A. McFarland, associate professor of industrial hygiene at Harvard school of public health. Dr. McFarland dealt with occupational health and safety problems and human factors in the design of equipment. Dr. W. A. Tillmann of University of Western Ontario discussed personality structure of individuals frequently involved with accidents and its significance in job placement.

Interest of industrial concerns in safety programs has greatly increased as a result of the growing difficulty of placing large risks with insurers. The trend toward writing coverage with large deductibles or retentions virtually places employers in the insurance business for a part of the risk and makes a sound safety program essential. Many nationally known organizations were represented at the conference.

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## N.A.I.C. Has Exhausting Week

(CONTINUED FROM PAGE 1)

attended to for the smooth running of the convention machinery and the Conrad Hilton hotel not only swallowed that crowd, but handled a big retailers' group at the same time. The layout for committee sessions was never better. If attendance at a committee session was larger than the room could accommodate, the group moved to a larger more comfortable space nearby. Roy Tuchbreiter, president of the Continental Companies of Chicago, was general chairman, and a group of seasoned campaigners acted as first lieutenants including such as Neil Russell of Chicago Motor Club, Chase Smith of the Kemper companies, and Ralph Jones of the Continental group.

Most of the commissioners and their wives were entertained Sunday evening at a two-step party, starting with cocktails at the Conrad Hilton and then moving on to the Edgewater Beach hotel for more cocktails, a buffet, and then to see Xavier Cugat's show. Host was Old Republic Credit Life of Chicago and President James Jarrell. Also in the party were representatives of companies that are members of Consumer Credit Insurance Assn., the founding of which is credited to Mr. Jarrell.

The Pamunkey Tribe of Real Indians never had it so good as they did at the ceremonial that was held Tuesday night, under the solemn guidance of Thomas Watters of National Board of Fire Underwriters and Clarence Klocks of Northwestern Mutual Life. Initiated into the order were 150, which is the largest class ever taken in at one time, and at \$10 a head that made it a big night for the Indians.

The group was brought together for a luncheon Tuesday that was addressed by Robert E. Dineen, vice-president of Northwestern Mutual Life and former New York superintendent. He made a telling speech that was nicely organized to appeal equally to fire and casualty as well as to life insurance people. The local committee provided by way of entertainment the famed Purdue Glee Club.

There were three present from Puerto Rico, seven from Canada and five from Hawaii.

The Hawaiian delegation was a popular group. They came with 35 leis which Commissioner Sakae Takahashi presented to Mrs. J. Edward Day, wife of the Illinois insurance director, and her guests at Mrs. Day's luncheon Tuesday for the wives of commissioners. Other Hawaiians on hand were A. J. Coney, vice-president of Pacific Ins. Co.; Fritz H. Kleene, vice-president of Home of Hawaii, and Ernest Kai, counsel of Hawaii Fire Rating Bureau.

Frank Sullivan of Kansas, the N.A.I.C. president, and Wade Martin of Louisiana, the new president, were featured on television Wednesday morning at Chicago.

## H. C. Conick Resigns As R-L U.S. Head

(CONTINUED FROM PAGE 1)

authority to younger men in the organization in advance of the date of actual retirement of the chief executive in order to provide for a smoother transition of management. As general attorney, Mr. Conick will continue to be available for the purpose of rendering advice and consultation to the succeeding executives.

Mr. Conick, after completing college, was with Western Actuarial Bureau at Chicago, and later with Charles W. Sexton & Company in Minneapolis, and Critchell, Miller, Whitney and Barbour in Chicago. He was an army Lt.

Colonel in the first war. In 1924 Mr. Conick joined Royal at Chicago and, after a few years, was transferred to New York to take charge of the group's newly-established general cover department. He was appointed assistant U. S. manager in 1934 and became U. S. manager in 1944. In 1946 Mr. Conick was appointed president of the domestic companies and, on the retirement of Harold Warner in 1948, he assumed the additional position of general attorney. During the eight years of Mr. Conick's tenure, the premiums of the group rose from \$97 million to \$192 million. Mr. Conick also holds the following positions: vice-president, National Board; vice-chairman, Insurance Executives Assn.; president and director, General Adjustment Bureau; director, Underwriters Salvage Co.; trustee, Underwriters Laboratories; president and trustee, American Institute for Property and Liability Underwriters, and director, Insurance Society of New York.

Mr. Smith attended the University of North Carolina. He joined Royal-Liverpool in 1926 when, after five years in insurance, he became a special agent for the Queen with headquarters at Charlotte, N. C. In 1935 he was transferred to New York as assistant superintendent of the special service department and in 1939 was promoted to assistant manager of the combined brokerage and service departments. He was elected a vice-president of Globe Indemnity in 1943, and in 1948 was appointed deputy U. S. manager and executive vice-president of the group.

Mr. Johnson was graduated at the University of Notre Dame with an A.B. degree in 1932 and an LL.B. in 1934. He received an LL.M. degree from the Catholic University in 1935 and remained on the law faculty there for several years. He served as counsel for the RFC from 1935 until 1941 when he became special assistant to the president of the New York Stock Exchange. Mr. Johnson returned to the RFC during the war years, serving as vice-president and general counsel of Rubber Reserve Co., and director and general counsel of Rubber Development Corp. He also was active in the formation of the government's war damage insurance program and served as vice-president of War Damage Corp. until the end of the war. He was appointed general counsel of the Royal-Liverpool in 1945 and subsequently was made assistant U. S. manager and vice-president.

Mr. Seymour was educated at London, England, and is a fellow of the Chartered Insurance Institute. In 1926 he went with Royal at London and, before his transfer to the U. S. in 1939, served as superintendent of the casualty department. In 1942 he was appointed assistant manager of the New York metropolitan department of Royal Indemnity and in 1944 was elected vice-president in charge of that department. In 1948, he was appointed an assistant U. S. manager and vice-president of the group. Mr. Seymour's training includes both underwriting and production experience.

## Mass. Ph.D. Rates Revised

National Automobile Underwriters Assn. has made a number of rate and rule changes in Massachusetts effective June 23.

For private passenger cars, collision premiums in the Boston area have increased approximately 13%. There are no rate changes on collision in other territories in the state.

Fire rates for local, intermediate and longdistance commercial vehicles have been substantially reduced, N.A.U.A. estimating that the premium income will be down 12% on the comprehensive line as a result.

Collision rates for local haulers on the \$1,500 deductible have been reduced substantially, with some increases in the higher priced vehicles. The combined effect is to reduce premium income on the commercial local collision by approximately 10%.

## Virginia Agents Elect T. W. Anderson

(CONTINUED FROM PAGE 2)

were on the program the second morning, with that afternoon devoted to an executive session. On Saturday the highlight was the talk of Senator Harry F. Byrd of Virginia. The new officers were elected that morning and installed at the banquet.

Bruno C. Vitt, president of American, in his talk, "Men or Methods," placed emphasis on the importance to company management and local agents of securing competent successors to carry on the business.

Remarking that some prophets have ventured to predict how savings may be had through multiple line innovations and efficiency to be had from mechanical advances in procedures and routings, Mr. Vitt said this is mistaken emphasis. While advantages are likely to result from improvements in operating methods, procedure does not depend primarily on methods but on the men who put brains and energy behind them.

"Competent agents of the future cannot be errand boys, delivering packages of insurance to the public," Mr. Vitt said. "They will be specialists, analyzing

each customer's needs and prescribing the ingredients of each item in the package. We on the company side will then fill these prescriptions and wrap the package."

Mentioning the trend toward multiple line underwriting, Mr. Vitt said that the agent holds the key in this field. The business should be sold on an "account" basis, instead of a "policy" basis.

The agent also has a vital stake in the company's achievement of a profit, since without it the future of the agency system would be in doubt. The underwriting profit begins, Mr. Vitt added, with the selection and sale of good accounts by the agent. The profits of the future depend largely on the man the agent chooses today to carry on the business, and Mr. Vitt outlined the possibilities of training and education that are offered for the young agent.

A thorough discussion of the agent's place in the present automobile insurance picture was given those attending the Virginia meeting by Chester M. Kellogg, vice-president of A. M. Best Co. Reciting the history of automobile insurance and the reasons for the pres-

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SAMUEL A. BOYD  
Superintendent of Agents



17 E. Prospect Ave., Mt. Vernon, N. Y.

ent tight market situation of today, Mr. Kellogg pointed out that the public is becoming increasingly interested in automobile insurance.

He mentioned that in New York City a man with a low-priced car carrying only 5/10 liability and \$5,000 property damage with a \$50 deductible collision comprehensive pays \$268 in premiums. If he uses the car in his business, the rate is \$355. Should there be an under-age driver or the risk be placed in the assigned risk pool, there would be a surcharge, and the total premium on many individual cars runs between \$400 and \$500 with further rate increases just around the corner. In New Jersey, just across the river, the rate on a similar car for the same coverage is \$11 for class I and \$140 for class 2. Many New Yorkers and New Jerseyites secure their automobile coverage in the same agent's or broker's office, and Mr. Kellogg asked why the same agent or broker gets approximately 2½ times as much for writing a New York City policy as he does for writing identical coverage for territory 16 in New Jersey. Why should the acquisition costs differ when there is a young driver in the family or when the car is used for business.

Unless these problems can be solved satisfactorily, stock companies and their agents will price themselves out of the market, he warned, mentioning the conclusion reached by a St. Louis agent, C. H. Bowersox, who wrote *THE NATIONAL UNDERWRITER*: "Which is better, 25% of nothing or 20% of something."

The public opinion is aroused about higher automobile rates and the politicians are aware of it. Mr. Kellogg mentioned the political activity in the various states and in Congress, and said that the agents must exert themselves to start the demand for legislative action of a corrective nature to reduce accidents and excessive jury awards. Education, law enforcement and highway improvement are needed, and it is up to the agent to get public acceptance for these and for motor vehicle inspection, law enforcement and driver education. All that has been done is not enough, he added, the public needs more information.

## Cold Shoulder to Salary Disclosure

(CONTINUED FROM PAGE 4)

such publicity would do. It is an invasion of the privacy of management, "if" he concluded as an afterthought, "it can be said that there is any privacy of management left."

Bowles of Virginia presided.

Day of Illinois said there is no use continuing to press for including in association examinations a section dealing with rates, rating bureau affiliations and statistics pertaining to experience and rates. This was espoused by zone 4,

but was rejected by zones 2 and 6. Zone 1 wants to give further study and zone 3 wasn't heard from.

Russell Hooker Connecticut deputy, reported for a subcommittee on classification of examiners and a change in the per diem allowances. It was recommended that each state file with the zone chairman and with the N. A. I. C. assistant secretary a list of examiners who are to act for the state, setting forth their previous experience, educational background, etc. Members of these panels are to be classified either as examiners or as senior examiners. An examiner must have had from two to five years' experience and a senior examiner at least five years. The experience shall consist either of full time employment either directly for an insurance department or for a consulting firm doing examination work for an insurance department. Those classified as examiners would be entitled to the \$150 weekly stipend which is now the standard for all, while senior examiners would be entitled to \$180.

Mr. Bowles said he is solidly behind the report.

## Omit Staffers from Report Voting

(CONTINUED FROM PAGE 6)

bers of the staff on hand. Cheek of North Carolina said he thought it was a good idea "to have just us there."

Longshore of Alabama said it is the commissioner who makes the decisions so "let's go." Dickey of Oklahoma suggested that at the Thursday morning session the staffs might be permitted to be present for voting on committee reports, but excluded Thursday afternoon when the commissioners could have a "bull session."

Frank Sullivan said that action should not be taken to amend reports at the executive session. If there are any proposals up for amendment, then the industry should be in on this. He contended that the staff should not be kept on at the convention city for an extra day, as this would add to the expense. The staff should be sent home, he said.

There was a discussion of the proposal by Lange of Wisconsin for each state to file with the central office, records of agents and brokers licenses that are revoked. He said that an agent whose license is revoked in one state sometimes goes elsewhere and becomes licensed and this might be prevented if the information were on file centrally.

This proposal was referred to the central office committee.

On the matter of arranging for future N.A.I.C. meetings, Murphy of South Carolina, the executive committee chairman, noted that it had been previously decided to hold the December, 1952, meeting at New York. On invitation of Maloney of California, it was voted to hold the June, 1953, meeting at San Francisco. Bohlinger of New York said that Lake Placid has offered an invi-

tation for the June, 1954, meeting.

E. A. Faircloth, Florida deputy, presented invitations from Florida for December, 1953, and this matter was referred to a special committee. The indications were that Florida would be it, but just what city would be selected was uncertain. The decision apparently was among St. Petersburg, Palm Beach and Miami.

Cheek of North Carolina, as chairman of a committee on central office procedure, recommended that the association determine in a more definite way what the assistant secretary shall do. The committee recommended that the central office be expanded in a ministerial and secretarial way, but warned that this should not become a policy making office. One good project would be to prepare a topical index of all the proceedings of N.A.I.C. The committee said that an assistant should be employed at headquarters and another stenographer. This would call for \$10,000 more expenditure and the state contributions would have to be increased.

Day of Illinois reported as chairman of a committee on sites for future meetings. He said that the association is now less hard up for such sites than it was when the committee was appointed. The committee recommends that each December meeting should tentatively be set for New York, and each June meeting should tentatively be set to alternate between Chicago and California. The entertainment features and expense should be held to a minimum so that the registration fee would cover the minimum requirements.

Paul Hammel, the Nevada commissioner, gave the executive committee a first-hand account of the most recent atomic bomb test in Nevada. Mr. Hammel witnessed this and he marshaled his story in an interesting way.

Maloney of California, as chairman of the committee on reinsurance, reported that his committee had finally changed its view and was making a recommendation that had been strongly and repeatedly advocated by the professional reinsurance people. The committee now recommends that on so-called sliding scale commission contracts in the fire reinsurance field, the ceding insurer should be allowed a credit for the provisional premium, in excess of the minimum premium, up to 5%. The committee's insistence in the past that the credit should not be allowed to exceed the minimum until earned had been very disturbing to the professional reinsurers.

## Expense Ratios Big Topic at Fire Committee Meet

(CONTINUED FROM PAGE 8)

rine lines as according to the general custom of the business are not dealt with collectively and it is certainly the general custom to have the bailee line unfettered. In 1950, he said, the I.M.I.B. company premiums on the bailee customer business were \$7½ million and the losses were \$3,100,000.

### Rodda Cites Second View

W. H. Rodda of Transportation Insurance Rating Bureau said that there are two views of what constitute "general custom of the business." One idea is that there is only one general custom which is that of the majority. Mutual companies take exception to that view, inasmuch as there can be one general custom for stock companies and another for mutual. Rates and forms for the cold storage locker line are filed by the mutuals, he said.

On the bailee customer matter, he said there are many difficulties in deriving a rating schedule for this. The mutual companies have been experimenting with the idea of a schedule for eight years. So far they have made little progress in that direction.

Gaffney of New Jersey asked whether I.M.I.B. has tried to get up any schedule for bailee customer business. Mr. Wayne replied that in 1930 a study was launched on the possibility of arriving at a

formula basis. The conclusion was that this could only be handled as bridge insurance is, that is, every risk would have to be submitted to I.M.U.A. and that would mean that one single underwriter would be handling the business for all companies. There would be one rate for each risk and that would be the official rate. Obviously, he said, this is an impractical scheme.

### Deductibles Are Discussed

The question of deductibles in fire insurance was broached by V. G. James of Nebraska. He said the Nebraska department believes that deductibles should be made available for all classes of business but the department desires to get some ideas of what standards should be applied.

Ambrose Kelly of the Factory Mutuals said that the deductibles should be made available but it should be optional with the insured whether to buy deductible insurance or full cover. He said the Factory Mutuals would like to see national uniformity because most of its policyholders have locations in many states. Factory Mutuals would like to see the states take a national position on this matter. Paul Brown of the Texas department asked what the Factory Mutual limit is on deductible. Mr. Kelly said the largest deductible is \$1 million and the smallest is \$1,000. Mr. Brown asked whether the Factory Mutuals allow the risk to insure the deductible. Mr. Kelly answered in the negative, saying that one of the valuable features of a deductible is that it gives the insured a greater incentive to engage in fire prevention work. Also insuring the deductible usually means that a cut-rate program has been set up.

### Zendzian Heads Weil Agcy.

Matthew P. Zendzian is the new president of the Benj. M. Weil Co., Milwaukee, succeeding Mr. Weil who will continue active in the agency as vice-president. Mr. Zendzian has been in the insurance business for 24 years and at Milwaukee for four years. The Weil agency dates back to 1873.

Mr. Zendzian was with Fireman's Fund as special agent and later as superintendent of the marine department, starting with the company in 1933. Previously he had been with Springfield F. & M. in the Chicago marine department.

Gene P. White, for several years with Western Adjustment, has resigned to join the Anderson agency at Emporia, Kan.

## REINSURANCE

All forms for Casualty and Fire Companies

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for Brokers and Agents

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NEW HAMPSHIRE

REINSURANCE AND EXCESS COVERS

Treaty — Facultative — Fire — Casualty  
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DOMESTIC AND FOREIGN

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## Plead 5% Profit Factor Cause

(CONTINUED FROM PAGE 19)

future for them in the insurance business?"

Mr. Carson said he believes in the theory that every classification should stand on its own feet. However, the experience of National Surety would have been far worse if it had not been for the benefit of the lines that were not under bureau regulation. But now in this day of regulation up and down the line there is no longer the opportunity to get relief from the unregulated lines. The grave problem of the day is the disinclination of casualty insurers to engage in their own business. If there is not a possibility of profit, for the investor, capital ceases to flow in the direction of the profitless enterprise.

Mr. Crafts said he desired to speak on the question of who are the shareholders of insurance companies and what do they expect. In the old days, he said, the shareholders were leading capitalists and financiers. Now there are a great many small shareholders, some that have an interest through pension funds and trusts. They expect a reasonable return on underwriting privileges and operations. They compare the results of the insurance companies with those of industries, utilities, banks, etc. They know that insurance is a cyclical business, but they have a right to expect a return from the underwriting operations, as well as from the investment end. There is no interest today in offering a casualty company issue. He said that after 22 years of operation, the profit of Fireman's Fund is practically nil on the casualty business. The parent company has put in to the indemnity company as much as the latter shows in surplus. If the commissioners could guarantee a 5% profit, which he emphasized they cannot do, it would nevertheless be a small contribution to the future welfare of the casualty business.

Mr. Harper declared that in the last year or so if it had not been for the fidelity and surety lines he would be out of a job. The casualty business, he declared, is sick because of rate inadequacy and its inability to attract risk capital. At the end of 1951 Maryland Casualty had written \$75 million of business and its surplus was below the two for one ratio. Hence Mr. Harper said that he visited investment bankers to see about raising additional money. Their advice to him was to go back and try to make some money so that they could have a story to tell in selling the stock. Mr. Harper said that his son had just graduated from a prominent eastern college. He said that one of the professors in counseling the graduates said that there are some businesses that offer a better opportunity than others and he advised the students not to go into a business that is regulated and he especially condemned the fire and casualty business.

If the casualty business is going to survive and prosper, everyone must raise his sights on the underwriting profit formula, he declared. The manager of an investment trust that has a large stake in Maryland Casualty telephoned the other day, according to Mr. Harper, and said that he could see no reason to continue to hang on to casualty stocks and he believed that he should dispose of them. This business, Mr. Harper said, is at a crossroads and something must be done about it.

Mr. Herd mentioned that Fidelity & Casualty of the America Fore group lost \$12½ million in underwriting last year. The introduction of a 5% factor, he emphasized, does not by any means guarantee that the business would realize such a result.

Mr. Diemand said that recently he had talked to investment banker groups at Philadelphia and Boston. He was asked at both places whether he considered the insurance business a growth industry. He replied that he did if the companies had enough funds to finance future demands. He said the investment people were much interested in

the matter of profit loadings and were appalled that until recently there had been no loading in the rate for workmen's compensation. One of the investment men asked why the companies were asking only for a 5% loading. One man in the audience made the comment that there was no opportunity for fire or casualty companies to go in the market for funds on a common stock basis at this time.

This kind of a situation affects the credit of the insurance companies and "we are in a precarious position," Mr. Diemand declared.

Mr. Diemand said that this marks his 49th year in the casualty business and he has seen many phases of it. He declared that the morale in the business in the dark days of 1932 and 1933 was no lower than what it is today. If the companies could produce a 5% factor, due to the income tax this would be reduced to 2.4%.

When the state goes out to raise money, he pointed out, it offers far more generous returns than what the casualty companies are asking. For instance, the Ohio Turnpike bonds sold 3¼% free of tax.

When its credit is impaired, the business has to be given what it asks for, he asserted.

Mr. Van Vechten said that the lack of a market is a dangerous condition and that the agents must be supplied with a market in financially sound companies.

Mr. Harrington expressed the belief that the casualty companies should have a 6% profit factor as do the fire people. If the commissioners insist on saying that a portion of the investment return must be used in underwriting, they will be backing away from a solution of the market problem. He pointed out that the commissioners are not fixing rates for all of the business but only for one segment of it—a portion of the stock companies.

Without mentioning the company by name, he referred to the recent action of American Auto in taking steps to bring out a new issue of stock and then immediately rescinding that plan when it found the apathy that existed for such an investment today.

Mr. Harrington remarked that when he was insurance commissioner of Massachusetts, he presided over the demise of seven casualty companies. He said he knows from first-hand experience the headaches and heartaches involved.

The 48-page bureau memorandum

stated that the report of the N.A.I.C. subcommittee recommending a uniform profit provision of 3.5% fails to deal with any of the extensive factual materials submitted to it in support of the bureau's position—and never even undertakes to establish what should be a reasonable margin for underwriting profit and contingencies in casualty insurance.

At a critical period in casualty insurance, the N.A.I.C. report would uproot long-established and long-practiced rate-making procedures in that it would reopen consideration of investment income in insurance rate making. This proposal was emphatically rejected by N.A.I.C. for fire insurance more than 30 years ago. Also, it injects a theory alien to and impractical for insurance rate making, that of relating a margin for underwriting profit to stockholders' equity than to a percentage of the prospective premium.

The stability of a multi-billion dollar industry demands that N.A.I.C. at this time reject the theories upon which the subcommittee report is based and reaffirm that investment income is not to be considered in determining a reasonable margin for underwriting profit and contingencies and that the underwriting profit in rate making is to be measured as it always has been solely in terms of a percentage of premiums without regard to the insurers' assets or any part of them.

Casualty insurance has been going through a crisis with staggering losses and expenses, upward rate revisions which cannot keep pace with the inflationary spiral, many years of substantial underwriting losses, with a year or two of meager profits and a consequent restriction of the market which is the most significant indication that the business is becoming more and more unattractive.

The bureau has a history of proven responsibility and good faith and when the bureau now earnestly declares that it needs and will use a new stated provision in its rates for underwriting profit and contingencies, its declaration should be received by the regulatory authorities with confidence and respect.

If 2.5% is considered to have been a reasonable and not excessive provision for underwriting profit and contingencies when the bureau was using it 25 years ago, its continued erosion by climbing federal corporate income tax rates as well as by excess profits taxes should, by itself, demonstrate the necessity for the increase now proposed by the bureau. The 5% provision amounts, after federal taxes, to about the same as the 2.5% provision did in 1916 and 1924.

The memorandum traces the long-

term, unprofitable results in the casualty business and then speaks of the tightening of the casualty market today. Mention is made of the increase in number of assigned risks, the statement is made that insurers will not refrain from writing and indeed seek business which is reasonably profitable. Casualty insurance must be made an undertaking for which it is worth risking capital on its own business merits.

The 5% margin is reasonable in comparison with provisions approved as reasonable in other lines of insurance and with the sales profits in other industries, including monopolistic public utilities whose rates are fixed by public authorities.

The possible contingencies in casualty insurance take their toll over the years no less surely than a conflagration in fire insurance. When over a 20-year period, a profit provision of 2.5% for most dual lines (with some at 4% and 5%) yields but .7% profit before federal income taxes it is an indication that many things have happened which were not foreseen when the rates were determined. So hazardous an industry in which capital is always at risk must possess a reasonable safety margin for contingencies.

The memorandum goes on to argue that the consideration of investment income in determining what is a reasonable provision for profit is unsound, unjust and unreasonable. The funds of stock companies on any profit made on their investment, if in fact they are invested, belong to the companies and their stockholders, not to policyholders. The policyholder obtains what he asks and pays for—his insurance policy and its protection, not a share in the property of the company or its use.

Also, to use aggregates of investment incomes for rate making would tend to make companies seek high-yield investments. It would be unjust as a principle to reflect the income from investments in the insurance rate without also reflecting the loss or lack of such income in the rates.

The report of the N.A.I.C. committee would reward restricted underwriting, the brief states. The subcommittee's position is that since casualty insurance wrote more, it should get less. In other words, if the casualty business had further restricted its sales in the past it would have qualified under the subcommittee's reasoning for a higher profit margin in the rates. Any theory which is based upon rewarding restricted underwriting is unsound and unjust and not in the public interest, the memorandum states.

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BATTLE CREEK, MICHIGAN

## TWO 1951 FIRSTS

## Group Premiums Cross \$2 Billion Mark; A.&amp;H. Passes All Others

GROUP INSURANCE AND GROUP ANNUITY COVERAGE — CONTINENTAL UNITED STATES BUSINESS — 1950 AND 1951  
All Life, Accident and Health, and Casualty Insurance Companies

Estimated by the Life Insurance Association of America from data contributed by 310 United States and Canadian insurance companies

| Kind of Coverage   | Year | New Business Issued During Year |                               |                                      | Total in Force December 31 |                               |  | Premiums and Considerations During Year |
|--|------|---------------------------------|-------------------------------|--------------------------------------|----------------------------|-------------------------------|--|---|
|  |      | Number of Master Policies       | Number of Individuals Covered | Total Amount of Coverage             | Number of Master Policies  | Number of Individuals Covered | Total Amount of Coverage               |   |
| Group Life (not including Group Creditor's Life or Wholesale Life) Employee Coverage | 1951 | 8,630                           | 1,770,000                     | \$4,072,300,000                      | 61,450                     | 21,011,000                    | \$54,293,200,000                       | \$582,300,000                           |
|  | 1950 | 8,590                           | 2,501,000                     | 6,029,700,000                        | 55,840                     | 19,006,000                    | 47,638,400,000                         | \$27,400,000                            |
| Dependent Coverage   | 1951 | 140                             | 96,000                        | \$5,100,000                          | 450                        | 367,000                       | \$178,000,000                          | \$1,100,000                             |
|  | 1950 | 120                             | 91,000                        | \$8,300,000                          | 370                        | 249,000                       | \$123,500,000                          | \$700,000                               |
| Group Creditor's Life  | 1951 | 2,460                           | 2,208,000                     | \$18,900,000                         | 11,550                     | 9,077,000                     | \$3,585,800,000                        | \$30,700,000                            |
|  | 1950 | 2,460                           | 2,425,000                     | \$11,117,900,000                     | 10,230                     | 8,572,000                     | \$3,148,500,000                        | \$21,200,000                            |
| Wholesale Life   | 1951 | Units 2,110                     | 28,000                        | \$61,300,000                         | Units 31,030               | 277,000                       | \$52,400,000                           | \$10,100,000                            |
|  | 1950 | 2,490                           | 32,000                        | \$71,100,000                         | 31,070                     | 292,000                       | \$68,500,000                           | \$10,000,000                            |
| Group Annuities  | 1951 | 330                             | 203,000                       | Annual Income 17,700,000             | 3,030                      | 2,535,000                     | Annual Income 721,800,000              | \$784,900,000                           |
|  | 1950 | 300                             | 111,000                       | 7,500,000                            | 2,660                      | 2,146,000                     | \$610,800,000                          | \$674,600,000                           |
| Group Accident and Health (Weekly Indemnity)   | 1951 | 26,570                          | 1,493,000                     | Weekly Indemnity 42,000,000          | 203,100                    | 17,992,000                    | Weekly Indemnity 423,800,000           | \$356,600,000                           |
|  | 1950 | 118,920                         | 4,776,000                     | 131,300,000                          | 175,780                    | 15,104,000                    | \$365,100,000                          | \$272,300,000                           |
| Group Hospital Expense Employee Coverage   | 1951 | 12,770                          | 1,582,000                     | Daily Benefit 15,400,000             | 64,390                     | 12,132,000                    | Daily Benefit 88,900,000               | \$128,300,000                           |
|  | 1950 | 12,640                          | 2,013,000                     | \$18,900,000                         | 51,800                     | 10,057,000                    | \$68,000,000                           | \$97,400,000                            |
| Dependent Coverage   | 1951 | 11,510                          | 2,236,000                     | Daily Benefit 18,200,000             | 52,220                     | 14,531,000                    | Daily Benefit 102,000,000              | \$151,600,000                           |
|  | 1950 | 11,340                          | 3,148,000                     | \$24,100,000                         | 40,900                     | 12,248,000                    | \$74,300,000                           | \$103,600,000                           |
| Group Surgical Expense Employee Coverage   | 1951 | 12,660                          | 1,666,000                     | Maximum Surgical Benefit 347,300,000 | 65,540                     | 12,586,000                    | Maximum Surgical Benefit 2,327,600,000 | \$68,700,000                            |
|  | 1950 | 13,570                          | 2,333,000                     | \$489,400,000                        | 53,560                     | 10,309,000                    | \$1,809,300,000                        | \$55,000,000                            |
| Dependent Coverage   | 1951 | 11,250                          | 2,457,000                     | Maximum Surgical Benefit 460,600,000 | 49,730                     | 13,790,000                    | Maximum Surgical Benefit 2,340,100,000 | \$99,200,000                            |
|  | 1950 | 12,340                          | 3,650,000                     | \$652,500,000                        | 39,740                     | 10,910,000                    | \$1,688,000,000                        | \$67,900,000                            |
| Group Medical Expense Employee Coverage  | 1951 | 8,290                           | 910,000                       | " " " 22,700                         | 4,530,000                  | " " "                         | " " "                                  | \$17,100,000                            |
|  | 1950 | 5,640                           | 1,519,000                     | " " " 14,570                         | *3,465,000                 | " " "                         | " " "                                  | \$10,100,000                            |
| Dependent Coverage   | 1951 | 5,190                           | 941,000                       | " " " 12,200                         | 3,416,000                  | " " "                         | " " "                                  | \$8,400,000                             |
|  | 1950 | 3,510                           | 1,061,000                     | " " " 6,580                          | 2,179,000                  | " " "                         | " " "                                  | \$4,200,000                             |
| Group Accidental Death and Dismemberment   | 1951 | 9,680                           | 1,517,000                     | Principal Sum 2,521,900,000          | 48,920                     | 9,470,000                     | Principal Sum 19,539,400,000           | \$23,200,000                            |
|  | 1950 | 8,110                           | 1,578,000                     | \$3,276,200,000                      | 38,430                     | 8,073,000                     | \$16,217,100,000                       | \$18,400,000                            |

## TOTAL PREMIUMS AND CONSIDERATIONS

| Year | Group and Wholesale Life | Group Annuities | Group Accident and Health | Total           |
|------|--------------------------|-----------------|---------------------------|-----------------|
| 1951 | \$624,200,000            | \$784,900,000   | \$853,100,000             | \$2,262,200,000 |
| 1950 | \$599,300,000            | \$674,600,000   | \$628,900,000             | \$1,862,800,000 |
| 1949 | \$488,800,000            | \$517,500,000   | \$460,400,000             | \$1,466,700,000 |
| 1948 | \$358,500,000            | \$338,400,000   | \$385,600,000             | \$1,382,500,000 |
| 1947 | \$402,000,000            | \$449,500,000   | \$306,200,000             | \$1,157,700,000 |

\* Revised

Master policies and certificates providing more than one coverage were counted for each kind of coverage.

Total premium income of all life, A. & H., and casualty companies in the U. S. from group insurance and group annuity coverage during 1951 crossed the \$2 billion mark for the first time in history, the annual survey of group coverage by the Life Insurance Assn. of America shows.

Last year's premiums amounted to \$2,262,200,000 compared with \$1,862,800,000 during 1950. Premiums from group A. & H. last year were larger than from any other category of coverage for the first time.

Group A. & H. premiums were at an all-time peak of \$853,100,000 against \$628,900,000 in the previous year. Weekly indemnity insurance protected 17,992,000 persons at the end of 1951, as compared with 15,104,000 a year earlier. Outstanding policies provided total coverage of \$423,800,000 in 1951 and \$365,100,000 in 1950.

The survey showed that 12,132,000 employees and 14,531,000 dependents were protected by group hospital expenses insurance at the end of 1951, making a total of 26,663,000. The 1950 total of 22,305,000 consisted of 10,057,000 employees and 12,248,000 dependents.

Group surgical care covered 12,586,000 employees and 13,790,000 dependents at the end of 1951, a total of 26,376,000. Corresponding 1950 figures were 21,219,000 total, 10,309,000 employees and 10,910,000 dependents.

Group medical expense insurance was extended to 7,946,000 persons at the end of 1951, including 4,530,000 employees and 3,416,000 dependents. The 1950 aggregate of 5,644,000 people was made up of 3,465,000 employees and 2,179,000 dependents. Included in this category are small numbers of people covered by the new experimental forms of major medical expense or catastrophe coverage.

Coverage of \$19,539,400,000 was provided to 9,470,000 persons under group accidental death and dismemberment plans at the 1951 year-end. In 1950, the number of persons was 8,073,000 and coverage was \$16,217,100,000.

## Start Kan. Annual Planning

Plans already are in the making for the annual convention of Kansas Assn. of Insurance Agents at Topeka, Oct. 15-16. Webb Woodward has been named general chairman.

The meeting will open with a luncheon at which the speaker will be Joseph Leopold, National Tax Equality Assn.,

up are Walter M. Sheldon, vice-president of N.A.I.A., and James R. Gregory, vice-president of Rough Notes.

## Award Kansas Scholarships

Richard E. Hughley, a graduate of Wyandotte high school in Kansas City, Kan., has been awarded the 1952 Kansas four-year scholarship to Illinois

Tech in fire prevention engineering. During the past school year Hughley has worked part time for Kansas Inspection Bureau at Kansas City.

David W. Barry has joined the Kansas City law firm of Meyer, Smith & Wetzel and the firm name now becomes Meyer, Smith, Wetzel & Barry.

## Criticize Army Brass on Military Solicitations

(CONTINUED FROM PAGE 19)

the retired generals and admirals are going on the payrolls of these companies.

"The brass at Washington," Southall said, "is going to look after the retired brass."

Day cited what he said is a "serious example" of the problem. He displayed a policy of Armed Forces Life of Texas headed by Gen. Jonathan Wainwright. This carried prominently the legend that it pays something over \$8,000 as a life insurance benefit, but this is payable only after the assured had paid a \$10 monthly premium for 40 years. This had coupons attached. At the outset the policy paid only \$182. Then he cited correspondence from Gen. Wainwright with a woman in Massachusetts saying that her son had taken out a policy, and expressing the hope that he would keep up the premium. The son died and there was a letter from the company saying that there was no record of a policy ever having been issued.

Gaffney of New Jersey said when he and Day were at Washington it was obvious that the Defense Department had no conception of the underlying danger. They seemed to think it was somehow unpatriotic to warn against specialization on the part of thirty financed insurers in selling insurance without war clause. Probably, he said, no harm will come unless we get in an all-out shooting war. If that happens, there will be a scandal that will rock the life insurance business.

Mr. Gaffney said that until last November the commander at Ft. Dix in New Jersey was fully cooperative and required that both company and agent be licensed in New Jersey. At that time, apparently, he was cracked down on from Washington and Camp Dix was opened up to solicitation under the lax Defense Department rule.

## Ill. Brokers Outing Draws 200 Participants

There were more than 200 attending the outing of the Insurance Brokers Assn. of Illinois at St. Andrews Country Club. There were 135 in the golf tournament and a number more who attended the dinner.

The low gross trophy, donated by S. A. VanDyke, was won by Park Brown with Leonard Rosenberg second. Frank J. Bassler, Jr., was first among the guests and Joseph K. Dennis, vice-president and manager of Life Associates, was second. George Pape, Newhouse & Haley, won the closest-to-the-hole prize donated by Stewart-Smith. Al Bluhm, chairman, distributed 100 prizes.

A guest was C. F. J. Harrington, former Massachusetts commissioner and executive vice-president of National Assn. of Casualty and Surety Agents.

## Chattanooga Insurers Elect

J. Byron Taylor has been reelected president of Insurers of Chattanooga. Mr. Taylor is vice-president of the Tennessee association. G. K. Casteel was named vice-president and J. E. Watkins was reelected secretary.

## Maass to Cobb &amp; Co.

The James O. Cobb & Co., general agency at Durham, N. C., has appointed Theodore N. Maass, special agent in South Carolina to succeed Henry G. Turney, Jr., who has resigned to join his father in business.

Mr. Maass is an army veteran and has been with South Carolina Rating & Inspection Bureau. He will have his headquarters at Columbia.

Marvin Brownlow, general manager of Underwriters Salvage at Chicago, suffered a heart attack while at his summer home in Wisconsin. He is at Evanston, Ill. hospital.

Zone 3 commissioners, meeting at Chicago, decided to hold their next meeting at Mobile, Ala., Oct. 1-3.

FIRE · MARINE · CASUALTY · SURETY

# Loyalty Group

## I N S U R A N C E

## FINANCIAL STATEMENTS DECEMBER 31, 1951

VALUATIONS ON BASIS APPROVED BY NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

| Companies   | Capital       | Total Admitted Assets | Liabilities (except capital) | Surplus to Policyholders |
|---|---------------|-----------------------|------------------------------|--------------------------|
| Firemen's Insurance Company of Newark, N. J.<br><small>Organized 1855</small>       | \$12,275,000. | \$108,470,990.        | \$61,257,086.                | \$47,213,904.            |
| Girard Insurance Company of Philadelphia, Pa.<br><small>Organized 1853</small>      | 1,000,000.    | 10,711,510.           | 6,979,138.                   | 3,732,372.               |
| National-Ben Franklin Insurance Co. of Pitts., Pa.<br><small>Organized 1866</small> | 1,000,000.    | 10,476,694.           | 6,617,586.                   | 3,859,108.               |
| Milwaukee Insurance Company of Milwaukee, Wis.<br><small>Organized 1852</small>     | 2,000,000.    | 28,159,650.           | 17,868,349.                  | 10,291,301.              |
| The Metropolitan Casualty Insurance Co. of N. Y.<br><small>Organized 1874</small>   | 1,500,000.    | 36,291,676.           | 27,904,445.                  | 8,387,231.               |
| Commercial Insurance Company of Newark, N. J.<br><small>Organized 1909</small>      | 2,000,000.    | 42,686,336.           | 33,078,793.                  | 9,607,543.               |
| Royal General Insurance Company of Canada<br><small>Organized 1906</small>          | 100,000.      | 433,385.              | 6,568.                       | 426,817.                 |

Pittsburgh Underwriters - Keystone Underwriters

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10 Park Place  
Newark 1, New JerseyWESTERN DEPARTMENT  
120 So. LaSalle Street  
Chicago 3, IllinoisSOUTHWESTERN DEPARTMENT  
912 Commerce Street  
Dallas 2, TexasCANADIAN DEPARTMENTS  
800 Bay St., Toronto 2, Ontario  
535 Homer St., Vancouver 3, B. C.PACIFIC DEPARTMENT  
220 Bush Street  
San Francisco 6, Calif.FOREIGN DEPARTMENTS  
102 Maiden Lane  
New York 5, New York  
206 Sansome Street  
San Francisco 4, Calif.

F A M O U S   A M E R I C A N   H O M E S



# The Octagon

*The Haunted  
White House of 1814*



Colonel John Tayloe

At the urging of his intimate friend, George Washington, the wealthy Virginian Colonel John Tayloe decided to build in the new city on the Potomac. As architect he chose Dr. William Thornton, designer of the Capitol. Completed in 1800 shortly before the White House, his home was one of the finest in Washington and for many years was a center of social life.

When the British burned the White House in 1814, Colonel Tayloe dispatched a courier offering President Madison the use of his home and accordingly for more than a year the President made The Octagon his official residence. Here he ratified the Treaty of Ghent which formally ended the War of 1812 and here his charming wife Dolly further enhanced the mansion's reputation for hospitality.

Why the house came to be known as The Octagon is an unanswered question. It is not octagonal and obviously was never intended to be. Consisting of two rectangular wings connected by a circular tower, its unique shape is due to its location at the angle formed by two intersecting streets. Opening off the rear is a tunnel, the purpose of which is also an enigma, although according to a discredited legend it once led to the White House.



For years The Octagon has had the reputation of being haunted. Most romantic of its spectral visitors is Colonel Tayloe's daughter. Overcome by grief over her thwarted love affair with a young Englishman, candle in hand, she threw herself down the staircase, and, some say, in flickering candlelight she still appears.

After the Tayloes' ownership ended, The Octagon entered a period of steady decline and was a dilapidated tenement until purchased and rehabilitated by the American Institute of Architects. It has continued under this organization's supervision since 1900. Like the White House whose existence it parallels, The Octagon has recently been renovated and now appears in all its original elegance.

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